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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Prorogation and Opening of Parliament

REVIEW OF THE LAST SESSION

The Queen's speech on the prorogation of Parliament, summarising the work of the session, was delivered to both Houses of Parliament by the Lord Chancellor on 15 November.[1]

The text of the speech (with references to *Survey of Current Affairs* coverage in parentheses) is as follows:

My Lords and Members of the House of Commons,

The Duke of Edinburgh and I were pleased to receive the State Visits of His Majesty King Hassan II of Morocco in July 1987, His Majesty King Olav of Norway in April of this year, His Excellency the President of the Republic of Turkey in July, and the President of the Republic of Senegal and Madame Diouf earlier this month. I was pleased to receive President Reagan of the United States after his visit to Moscow in June (see p 193).

We recall with pleasure our visit to Canada in October last year, where I was also present on the occasion of the Commonwealth Heads of Government Meeting in Vancouver (see pp 345-55, 1987). *Earlier this year we visited Australia in her Bicentenary year and the Netherlands to mark the William and Mary Tercentenary. Also to mark the Tercentenary, I received Loyal Addresses from both Houses in July. We remember with much satisfaction our State Visit to Spain in October.*

My Government have helped to promote better relations between East and West (see pp 193 and 364-7) *and have played an active part in the Vienna Review Conference on Security and Co-operation in Europe* (see pp 159-62).

My Government have continued to enhance Britain's defences and have played a full part in the Atlantic Alliance (see pp 195-202).

My Government have worked vigorously for balanced and verifiable agreements on arms control in respect of nuclear and conventional weapons and for the abolition of chemical weapons (see pp 297-9). *They have supported the Treaty between the United States and the Soviet Union for the elimination of their intermediate and shorter range missiles, as a result of which, cruise missiles are being removed from the United Kingdom* (see pp 9-11 and 191-3).

My Government have fully supported the United Nations in its recent efforts to negotiate a ceasefire between Iran and Iraq (see pp 267-8 and 333). *They have welcomed the start of the Soviet troop withdrawal from Afghanistan and have supported efforts to restore that country's independence and non-aligned status* (see pp 164-6). *My Government have encouraged the forces for change in Southern Africa and have urged the countries of that region to settle their problems peacefully* (see pp 103-5 and 268-70).

My Government have reached agreement with our European Community partners on the restructuring of the Community's finances and on certain measures of reform of its Common Agricultural Policy (see pp 99-100). *They have continued to play a full and active role in negotiations to achieve the completion of a single market within the European Community by the end of 1992, and have encouraged business to prepare for the opportunities and challenges that this presents* (see pp 8-9).

My Government welcomed the agreement reached on their initiative to provide debt relief to some of the poorest countries in Africa (see pp 226-7). *They have continued to provide a substantial aid programme, both directly and through the European Community, including emergency assistance to the victims of natural disasters in Asia, Africa and the Caribbean* (see pp 299-305).

My Government have continued their vigorous efforts to combat international terrorism. They have signed agreements with the United States, Canada, Australia and the Bahamas to provide reciprocal assistance in combating trafficking in drugs.

My Government and the Chinese Government have continued to make good progress in implementing the Sino-British Joint Declaration on Hong Kong (see pp 265-7). *My Government have stood by their commitments to the people of the Falkland Islands, while continuing to seek more normal relations with Argentina* (see p 404, 1987 and pp 202-3).

Members of the House of Commons,

I thank you for the provision which you have made for the honour and dignity of the Crown and for the Public Service.

My Lords and Members of the House of Commons,

My Government have continued to pursue sound

[1] *Hansard*, Vol 501, No 195, cols 916-18.

financial policies designed to keep inflation under control and to sustain economic growth (see p 378). *They have made a public sector debt repayment* (see pp 376-7). *The national output has continued to grow* (see p 376), *as has the number of people in work. Further steps have been taken to help unemployed people into work through the introduction of the employment training programme* (see pp 108-11 and 342) *and the extension of the youth training scheme.*

As part of my Government's programme to encourage enterprise and improve the performance of the economy, the basic rate of income tax has been further reduced and all but the lowest of the remaining rates have been abolished (see pp 139-40). *Legislation has been enacted to reform and simplify the tax system and to provide for the independent taxation of married couples* (see p 137).

In further pursuit of my Government's commitment to encourage greater industrial efficiency and to promote wider share ownership, legislation has been enacted to provide for the sale to the public of shares in British Steel (see p 436) *and to enable the water authorities and the electricity supply industry to prepare for privatisation* (see pp 271-3, 1987 and pp 112-18).

An Act has been passed for England and Wales to replace domestic rates with the community charge and to introduce uniform non-domestic rates (see pp 17-18).

An Act has been passed to reform the legislation on rented housing and to give local authority tenants new rights to choose their landlord (see pp 428-30, 1987 and pp 442-3).

Legislation has been enacted to promote further competition in the provision of local authority services (see pp 225-7, 1987).

An Act has been passed to reform the education system by widening parental choice, by making provision for a national curriculum and by increasing the autonomy of educational institutions (see pp 426-8, 1987 and p 287).

An Act has been passed to provide for greater democracy and accountability within trade unions and to provide further protection against trade union enforcement of closed shops (see pp 377-8, 1987).

Legislation has been passed to improve the working of criminal justice; to reform the law of extradition; and to improve the assistance available to victims of crime (see pp 39-41).

An Act has been passed to strengthen the controls over the possession of firearms (see pp 4-6 and 41).

Legislation has been enacted to reinforce firm but fair immigration control (see pp 395-6, 1987 and p 7).

An Act has been passed for England and Wales to introduce greater flexibility in licensing hours and to strengthen provisions to curb the misuse of alcohol.

Further progress has been made in the consolidation of our statute law. Legislation has been passed to improve the arrangements for legal aid.

An Act has been passed to reform the law of copyright and to make improvements in other areas of intellectual property law (see pp 208-11).

A reformed system of social security has been introduced (see pp 71-3 and 168, 1986 and pp 421-5, 1987).

An Act has been passed further to reform the law on shipping and safety at sea (see pp 68-70).

An Act has been passed to authorise the construction of a railway tunnel under the English Channel to link Britain and France (see pp 235-6, 1986 and p 280, 1987).

Legislation has been enacted to authorise a third crossing of the Thames at Dartford.

In Northern Ireland my Government have continued their efforts to combat terrorism (see pp 87-90 and 359-63). *They have developed their constructive relations with the Republic of Ireland through the Anglo-Irish Agreement and have continued to promote the economic revival and political stability of Northern Ireland* (see pp 187-90).

For Scotland, measures have been passed to create a new housing agency and to encourage the provision of private rented housing, to improve the management of schools (see p 402) *and to reform the law on civil evidence* (see pp 77-8).

An Act has been passed to establish a statutory authority for the Norfolk and Suffolk Broads (see p 132).

Legislation has been enacted to encourage the planting of farm woodlands and diversification by farmers (see p 67).

PROGRAMME FOR THE NEW SESSION

The Queen's speech on the opening of the new session of Parliament – the second session of the fiftieth Parliament of the United Kingdom – was delivered in the House of Lords on 22 November to members of both Houses. Among the legislation which the Government proposes to introduce are measures to curtail financial assistance for terrorism; to reform the Official Secrets Act and to put the security service on a statutory basis; to privatise the water authorities in England and Wales and the electricity supply industry; to improve the law governing the care and protection of children; to provide for a national membership scheme to control admission to football matches; and to strengthen the law on fair employment in Northern Ireland.[1]

The text of the speech, which outlines the Government's policies for the coming session, is as follows:

My Lords and Members of the House of Commons,

I look forward with much pleasure to a visit by Her Majesty Queen Beatrix of the Netherlands as part of the celebrations of the William and Mary Tercentenary.

I also look forward to visiting Barbados next March to mark the 350th anniversary of the House of Assembly there and to being present next autumn on the occasion of the Commonwealth Heads of Government meeting in Malaysia.

My Government will continue to attach the highest priority to the maintenance of national security and the preservation of peace with freedom and justice. They will maintain strong and effective defences and will stand fully by their obligations to the NATO Alliance.

My Government will strive for balanced and verifiable measures of arms control and for a worldwide ban on chemical weapons. They strongly support

[1] *Hansard*, Vol 502, No 1, cols 1-4.

the United States' proposals for 50 per cent reductions in American and Soviet strategic nuclear weapons. They will work for the elimination of disparities in conventional forces in Europe with the aim of achieving a stable balance at lower levels.

My Government will continue to strive to break down the barriers between East and West and to ensure that the Vienna Review Conference on Security and Co-operation in Europe leads to further progress on human rights. They look forward to building further on the improved relationship with the Soviet Union and to a visit to this country by the Soviet leader, President Gorbachev.

My Government look forward to the completion of the Soviet troop withdrawal from Afghanistan and will continue to work for the restoration of that country's independence and non-aligned status. They will continue to play a full part in the work of the United Nations and to work for peaceful solutions to regional conflicts.

My Government will continue to work with our European Community partners to complete the single market, to reinforce budgetary discipline and further to reform the Common Agricultural Policy. They will play a full part in multilateral negotiations designed to liberalise international trade and agriculture.

My Government will maintain a substantial aid programme, designed to alleviate poverty and to promote sustainable economic and social progress in developing countries.

My Government will continue the fight against international terrorism and against trafficking in drugs.

My Government will honour their commitments to the people of the Falkland Islands while continuing to seek more normal relations with Argentina. They will continue to discharge their responsibilities towards Hong Kong and its people and will work closely with the Chinese Government to implement the Sino-British Joint Declaration.

Members of the House of Commons,

Estimates for the Public Service will be laid before you.

My Lords and Members of the House of Commons,

My Government will continue to pursue firm financial policies designed to bear down on inflation. They will continue to promote enterprise and to foster the conditions necessary for the sustained growth of output and employment.

They will maintain firm control of public expenditure so that, while allowing further improvements in priority services, it continues to fall as a proportion of national income, thus providing scope for further reductions in taxation, as and when prudent.

A Bill will be brought forward to reform the law on local government capital and housing finance, on home improvement grants, and on the conduct of local authority business.

My Government will continue to attach very great importance to protecting our environment, both nationally and internationally.

A Bill will be introduced for England and Wales to establish a National Rivers Authority and to provide for the sale of the utility functions of the water authorities.

Legislation will be introduced to restructure and to provide for the sale of the electricity supply industry in Great Britain.

A Bill will be introduced to remove unnecessary obstacles to employment, particularly in relation to women and young people, and to alter training arrangements.

My Government will vigorously pursue their policies for reducing crime. A Bill will be introduced to replace the Prevention of Terrorism (Temporary Provisions) Act. Legislation will be brought forward to provide for a national membership scheme to control admission to football matches.

A Bill will be introduced to replace Section 2 of the Official Secrets Act 1911 with provisions prohibiting only disclosures of information which would be harmful to the public interest.

A Bill will be introduced to put the Security Service on a statutory basis under the authority of the Secretary of State.

A Bill will be introduced to improve and rationalise the law governing the care and protection of children.

My Government will continue to take action to raise standards throughout education.

My Government are committed to strengthening the National Health Service and to ensuring that it is developed and improved in an efficient way that offers choice to patients.

For Scotland, legislation will be brought forward to enable parents to choose that their children's schools should be managed outside the control of local authorities. A Bill will be introduced to transfer the Scottish Bus Group to the private sector.

In Northern Ireland, my Government will continue their efforts to eradicate terrorism, to give elected representatives greater involvement in the affairs of the Province, and to maintain close co-operation with the Republic of Ireland. A Bill will be laid before you to strengthen the law of Northern Ireland on fair employment. Legislation will be introduced to extend the franchise for local elections and to require from candidates a declaration against terrorism.

A Bill will be brought forward to amend the law on social security.

Legislation will be introduced to reform company law and the law on mergers.

A Bill will be brought forward to modify the driver licensing system and to provide for new systems of route guidance for drivers.

Other measures will be laid before you.

My Lords and Members of the House of Commons,

I pray that the blessing of Almighty God may rest upon your counsels.

Recent Legislation

The public Acts of Parliament passed in November at the end of the parliamentary session are listed below.

Copyright, Designs and Patents Act 1988 (see pp 208-11). The copyright in J M Barrie's play, *Peter Pan*, bequeathed to the Hospital for Sick Children, Great Ormond Street, expired in 1987. An amendment was made during the Bill's passage to give the Hospital a perpetual right to a royalty from any public production of the play in Britain. Royal Assent: 15.11.88. Ch 48. HMSO, £12·50. ISBN 0 10 544888 5.

European Communities (Finance) Act 1988 (see p 224). Royal Assent: 15.11.88. Ch 46. HMSO, 50p. ISBN 0 10 544688 2.

Firearms (Amendment) Act 1988. Amends the Firearms Act 1968 to tighten controls regarding the possession of firearms and ammunition (see pp 4-6). Royal Assent: 15.11.88. Ch 45. HMSO, £3. ISBN 0 10 544588 6.

Foreign Marriage (Amendment) Act 1988. Amends the Foreign Marriage Act 1892 and repeals certain enactments relating to the validation of marriages of British subjects solemnised outside Britain. Royal Assent: 2.11.88. Ch 44. HMSO, £1·60. ISBN 0 10 544488 X.

Health and Medicines Act 1988 (see pp 29-30). An amendment was made during the passage of the Bill to restrict the supply of HIV testing kits (see p 440). Royal Assent: 15.11.88. Ch 49. HMSO, £4·80. ISBN 0 10 544988 1.

Housing Act 1988 (see pp 442-3). Royal Assent: 15.11.88. Ch 50. HMSO, £11·80. ISBN 0 10 545088 X.

Housing (Scotland) Act 1988 (see p 443). Royal Assent: 2.11.88. Ch 43. HMSO, £7·10. ISBN 0 10 544388 3.

Rate Support Grants Act 1988. Provides for the transition from the existing system of rate support grants to a new system of revenue support grants under the Local Government Finance Act 1988 (see pp 17-18). Royal Assent: 15.11.88. Ch 51. HMSO, £3. ISBN 0 10 545188 6.

Road Traffic Act 1988. Consolidates legislation on road traffic. Royal Assent: 15.11.88. Ch 52. HMSO, £9·50. ISBN 0 10 545288 2.

Road Traffic Offenders Act 1988. Consolidates legislation relating to the prosecution and punishment of road traffic offenders. Royal Assent: 15.11.88. Ch 53. HMSO, £8·30. ISBN 0 10 545388 9.

Road Traffic (Consequential Provisions) Act 1988. An Act ancillary to the other two Road Traffic Acts (see above), it deals with a number of related matters and consequential amendments. Royal Assent: 15.11.88. Ch 54. HMSO, £4·30. ISBN 0 10 545488 5.

School Boards (Scotland) Act 1988. Makes new provision for the government of local authority schools in Scotland. Royal Assent: 15.11.88. Ch 47. HMSO, £3·40. ISBN 0 10 544788 9.

Northern Ireland Elected Authorities

A Bill to prevent local councillors in Northern Ireland from expressing support for terrorism received its second reading in the House of Commons on 5 December. The Bill received 274 votes in favour and 41 against.

The Elected Authorities (Northern Ireland) Bill will require candidates at district council elections in Northern Ireland to sign a declaration stating that the candidate, if elected, would not express support for proscribed organisations or acts of terrorism. The signature of the declaration would be a condition of nomination as a candidate (see pp 343-4, 1987). Anyone with a direct interest in the behaviour of an elected representative would be able to apply to the High Court for a ruling that the declaration had been breached. If the High Court were to make such a ruling the councillor concerned would be disqualified from council office for five years. An application in respect of a district councillor could be made by the district council, an elector entitled to vote for that council and any member of the council.

In the event of the election of a new Northern Ireland Assembly, these provisions would also apply to candidates contesting such an election. The most recent Assembly was elected in 1982 and was given responsibility for making proposals for devolving powers on a basis which would command widespread support throughout the community. Some members refused to take their seats on election and the Unionist parties, who had a majority in the Assembly, decided not to fulfil the Assembly's statutory functions in March 1986, in protest at the Anglo-Irish Agreement; in June 1986 the Government decided that the Assembly should be dissolved (see pp 207-8, 1986).

Another part of the Bill extends the franchise for district council elections to a group of people known as 'I' voters. These are able to vote in 'Imperial' (i.e. Parliamentary) but not district council elections as the result of a special requirement contained in Northern Ireland legislation dating from 1962. Most are Irish citizens who were too young to have been on the 1963 Northern Ireland electoral register and some are British citizens born outside the Province who have lived abroad at some stage in the past seven years (mainly the spouses of United Kingdom service personnel).

The Bill also changes the present rules on disqualification for Council office following a criminal conviction. Under the existing law, those sentenced to three or more months' imprisonment, without the option of a fine, are disqualified for a period of five years from the date of conviction. The Bill provides that in future such persons will be disqualified while imprisoned and thereafter for five years from the date of discharge.

PARLIAMENTARY DEBATE

Secretary of State's Speech

Moving the Bill's second reading, the Secretary of State for Northern Ireland, Mr Tom King, said that it had to be placed in the context of the Government's overall theme of fairness and justice for the people

of Northern Ireland. 'We want to ensure that we have an effective response to the evil of terrorism and proper protection for the rights of the community as well as respect for the rights of individuals.'

Referring to the proposed declaration against terrorism, Mr King stressed that a situation in which people could exploit the freedoms of a democratic society while reserving the right to kill, maim and intimidate those who argued against them could no longer be tolerated. Councillors trying to discharge their responsibilities in a democratic and honest way needed some protection against violence and intimidation. The Government was determined to provide some means whereby those who felt affronted had some chance to do something about it. Mr King added: 'There is widespread recognition among many politically active people in Northern Ireland, and in the churches, that a response is needed, and, while it is not perfect, they see this as a genuine attempt to reflect a concern that exists. I am very encouraged that that attitude and appreciation appear to be widely reflected among the people of Northern Ireland in both religious communities.'

The Bill did not seek to exclude from elected office anyone who wished to pursue the democratic path. 'We offer the opportunity for all to stand. We merely require that, if elected, the candidate will observe the standards for which the House has stood for centuries.'

Mr King said that the clauses on the franchise for district council elections would sweep away 'earlier legislation widely perceived as discriminating against Nationalists' and bring it broadly into line with that for Parliamentary elections. They would enfranchise for district council elections about 10,500 people who under 1962 legislation for Northern Ireland had failed to meet the special nationality and residence qualifications laid down. This legislation had confined the right to vote to Commonwealth citizens who either were born in Northern Ireland or had resided in the United Kingdom for the whole of the seven years preceding the qualifying date for registration.

Opposition Views

The official Opposition spokesman, Mr Kevin McNamara, said that the Bill did nothing to eradicate violence. Although the presence of Sinn Fein gave rise to strong and understandable feelings of revulsion and outrage, such strong emotions were not a rational basis for policy decisions. The Bill was a morale booster for the Provisional IRA since it would allow Sinn Fein to appear to be the injured party. Moreover if a Sinn Fein member was disqualified, the party would receive a propaganda bonus since another member could be elected in the subsequent by-election. Mr McNamara feared that the method of enforcement, by placing the onus on councils, councillors and individual citizens, would intensify the conflict in local government. The Bill would further divide the communities as each side tried to equalise the score in the disqualification league table.

The leader of the Social and Liberal Democrats, Mr Paddy Ashdown, said that, despite reservations, his party would in principle vote in favour of the second reading of the Bill, for it was a useful mechanism that would assist in the battle against terrorism and violence from both sides in Northern Ireland. Its enforcement, however, should be a matter for the Director of Public Prosecutions, since many individuals would fear for their lives if they brought an action.

Views of Northern Ireland Representatives

Speaking for the Democratic Unionist Party, Mr Peter Robinson said that no-one could fault the Government for trying to do something about the presence in council chambers of elected representatives whose declared support for terrorist violence was incompatible with the democratic process. The Government's measure was, however, too weak and the real answer was the proscription of Sinn Fein which was an integral part of the Provisional IRA. In addition a body funded by the Government was necessary to bring enforcement actions.

The Social Democratic and Labour Party spokesman, Mr Eddie McGrady, feared that the paramilitaries would use suspensions and court cases as a daily propaganda weapon and as an argument to support the case that they could only promote their cause by violence instead of using the democratic process. Extremists on both sides of the council chamber would be able to take legal action against one another and bring local councils into disrepute.

Government Response

Replying for the Government, the Parliamentary Under-Secretary of State for Northern Ireland, Mr Richard Needham, said that during the past decade three councillors and two council employees had been killed by terrorists and one councillor shot and injured. Of Sinn Fein's 58 councillors, eleven had been convicted of terrorist-type offences and a further three had faced or were facing charges. Six other councillors had also received convictions for terrorist-type offences. Almost everyone accepted that there was a major problem caused by those in the district councils who supported violence, but few agreed on the steps necessary to deal with it.

Proscription, Mr Needham said, would not address the problem since a declaration would still be needed for those who stood under different guises. Selective proscription of individual organisations could not be made retrospective and councillors could claim that they were no longer members of the proscribed party and stand at elections under different party names.

The measure was designed to deal with those who advocated violence once they were elected, but no more than that. However abhorrent to many Members of Parliament, the Government believed that it was legitimate that candidates standing on a platform of violence should have some way of putting their views forward. Once the election was over, however, councillors then had to abide by the political rules of a plural democracy.

On the question of enforcement, Mr Needham said that if an action was brought by the Attorney-General it would be seen to have been instigated by the British Government. Furthermore the Attorney-General had no capacity to monitor expressions of support for proscribed organisations or terrorism in Northern Ireland and would have to be dependent upon information given to him by others. It was others, therefore, who had to bring the actions.

Prevention of Terrorism

A Bill seeking to re-enact the Prevention of Terrorism (Temporary Provisions) Act 1984, together with additions including important new powers to curtail financial assistance for terrorism, received its second reading in the House of Commons on 6 December.

The vote on the Government's motion received 305 votes and those against numbered 45, most of the official Opposition members abstaining.

BACKGROUND

Since 1969 the Provisional Irish Republican Army (Provisional IRA) has been pursuing a terrorist campaign with the aim of re-uniting Ireland on its own terms. Other organisations using terrorist methods include the Irish National Liberation Army and the 'loyalist' Ulster Volunteer Force and Ulster Freedom Fighters. In Northern Ireland over 2,700 people have died as a result of terrorism, including over 1,860 civilians. Deaths have included women and children and many people have been injured, suffering permanent disabilities. Many deaths and injuries have been the result of bombs exploding in public places such as the one which exploded in Enniskillen on Remembrance Sunday in 1987 causing the deaths of 11 civilians (see pp 396-7, 1987).

Terrorist violence has also taken place on the mainland. Since 1980 some 26 people have been killed in periodic incidents in Great Britain by the Provisional IRA. Attacks have also taken place in western Europe. In 1988, for instance, four off-duty members of the British armed forces were murdered in the Netherlands and Belgium by the Provisional IRA (see pp 295-6).

The extent of the terrorist threat is shown by recent substantial discoveries of arms supplies in both parts of Ireland. Since the beginning of the year the police have discovered nearly 90,000 rounds of ammunition and more than 9,000 pounds (4,082 kilogrammes) of explosives in Northern Ireland. In the Irish Republic the Garda have found nearly 300 weapons, 140,000 rounds of ammunition and 1,100 pounds (499 kilogrammes) of explosives.

Previous Legislation

The first Prevention of Terrorism (Temporary Provisions) Act was passed as an emergency measure in 1974 in response to an intensive terrorist campaign by the Provisional IRA in Northern Ireland and in Great Britain. In 1975 a new Bill was introduced to give Parliament the opportunity to debate the provisions in more detail and this became the Prevention of Terrorism (Temporary Provisions) Act 1976.

Under the 1976 legislation the Home Secretary or the Secretary of State for Northern Ireland was empowered to make exclusion orders against people involved in terrorism connected with Northern Irish affairs to prevent them from entering Great Britain, Northern Ireland or the United Kingdom as a whole. It gave the police powers to arrest without warrant a person suspected of involvement in terrorism and to detain that person for up to 48 hours or, on the direction of the Secretary of State, for a period of five more days. It also provided for security control over travellers at ports and for the proscription of terrorist organisations, and made it an offence to withhold information about terrorist acts. In recognition of the exceptional nature of these powers, the act was subject to annual renewal by Parliament.

The Prevention of Terrorism (Temporary Provisions) Act 1984 retained the power to exclude from Great Britain, Northern Ireland or the United Kingdom persons suspected of being concerned in the commission, preparation, or instigation of terrorism connected with Northern Irish affairs. Under the Act a British citizen could not be excluded from either Great Britain or Northern Ireland if he or she was ordinarily resident in that part of the United Kingdom in the immediately preceding three years. Representations against the making of an exclusion order could be made within seven days of the order being served. The 1984 Act also extended the special police powers of arrest and detention to alleged international terrorists. These allowed the police to arrest and detain for up to 48 hours without a warrant and the Secretary of State was given discretion to authorise flexible periods of detention for up to a further five days. All these powers expire in March 1989 since the Act had a life of five years, subject to annual renewal by Parliament.

THE BILL

The Prevention of Terrorism (Temporary Provisions) Bill seeks to re-enact the powers of the 1984 Act with significant additions including important new powers to curtail financial assistance for terrorism. Unlike the present Act, the Bill would have no expiry date, but most of its main provisions would require annual renewal by Parliament. In addition the Bill proposes – in Northern Ireland only – changes in remission of sentence arrangements for prisoners convicted of terrorist-type offences, and clarification of the powers of the police and the army during searches.

The Bill follows a review of the operation of the 1984 Act by Lord Colville of Culross, QC (see pp 87-8) which recommended that the legislation should be renewed with a number of changes. The Bill reflects many of Lord Colville's recommendations.

Interception of Terrorist Funds

The Bill proposes to extend the definition of existing offences of contributing funds to terrorism to cover the sort of activities and transactions carried on by banks, financial institutions and other financial advisers. These new offences would apply to financial assistance for international as well as Northern Irish terrorism.

Under the Bill's provisions it would be illegal to enter into or otherwise be concerned in an arrangement whereby money or other property is made available to a person for terrorist purposes or to a proscribed organisation. This would cover an instruction to a bank to pay to a customer's order and any arrangements whereby money and other property was made available to a lawful business, if the money and the profits from that activity were for terrorist purposes.

It would also be illegal to deal with and to facilitate

the retention or control of funds representing the proceeds of acts of terrorism and funds to be used in furtherance of or in connection with acts of terrorism.

In order to commit these new offences, a person would have to know or have reasonable cause to suspect that the arrangement was related to terrorist funds or would facilitate the retention or control of the money by or on behalf of another person for terrorist purposes.

The proposed penalty on conviction for these offences is a maximum of 14 years' imprisonment or an unlimited fine, or both.

The Bill provides that no contractual restriction on the disclosure of information would be a bar to a person disclosing to the police a suspicion or a belief that any money or other property either was, or came from, terrorist funds.

New powers are proposed for the police to carry out investigations into funds suspected of being the proceeds of terrorist crime or of being intended to finance terrorist activity. The police would be empowered to apply to the courts for search warrants and orders requiring specific material to be produced, subject to safeguards as provided in the Drug Trafficking Offences Act 1986 (see p 70, 1986).

As in the Drug Trafficking Offences Act, the Bill proposes that the court would have restraint powers to enable it to prohibit dealings in property liable to be forfeited. If a person was convicted of one of the offences concerned with financial assistance for terrorism, the court would have power to order the forfeiture of any money or property in the convicted person's possession or the subject of an illegal arrangement and which was intended to be used for terrorist purposes. The onus would be placed upon a person with an interest in the money or property to be forfeited to show that it was not for terrorist purposes.

Existing Powers

Proscription

Clause 1 provides for the proscription of the Irish Republican Army and the Irish National Liberation Army in England, Scotland and Wales[1] and enables the Government to proscribe other organisations concerned in terrorism occurring in the United Kingdom and connected with Northern Irish affairs, or in promoting or encouraging it. Under Clause 2 it would be an offence to belong to, or otherwise support, the activities of a proscribed organisation.

Exclusion Orders

Exclusion orders (Clauses 5-8) would be made by the relevant Secretary of State prohibiting a person from being in or entering Great Britain, Northern Ireland or the United Kingdom respectively if it appeared to him expedient to do so to prevent acts of terrorism. The powers would be exercisable, as at present, where the Secretary of State was satisfied that the person was, or had been, concerned in the commission, preparation or instigation of acts of terrorism or was attempting or might attempt to enter the relevant territory with a view to being so concerned. The 1984 Act's provisions on the three years residence rule would remain (see above). It would be an offence for a person to fail to comply with an exclusion order against him or her. It would also be illegal knowingly to assist an excluded person to enter the territory from which he or she had been excluded or to harbour an excluded person there.

Detention

A police officer would be able to arrest without warrant a person reasonably suspected of being a member of a proscribed organisation, of failing to comply with an exclusion order or of soliciting, receiving or accepting contributions of property or money for use by terrorists. This power would also be applicable to a person reasonably suspected of having been concerned in the commission, preparation or instigation of acts of terrorism. The person would not be able to be detained for more than 48 hours unless the period was extended for up to five days by the Secretary of State. As a result of Lord Colville's recommendation, detentions would be subject to regular review by senior police officers before an application for extension was made. The powers would apply to acts of terrorism connected with the affairs of Northern Ireland and other terrorist acts except those connected solely with other parts of the United Kingdom or the United Kingdom as a whole. Under Clause 15 search warrants could be issued authorising the police to enter any premises on which a person liable to arrest under the above powers was reasonably suspected to be found. A person could also be stopped and searched to obtain evidence that he or she was liable to arrest under these powers.

Clause 16 of the Bill re-enacts legislation on the control of travel into and out of any part of the United Kingdom. It provides a power to examine passengers to determine whether they are concerned with Northern Irish or international terrorism. Under this power a person could be detained for up to 48 hours during examination or while a decision on whether to exclude, deport or institute proceedings was taken. Extensions of detention for up to a further five days would only be authorised by the Secretary of State. The clause provides that ships carrying passengers for reward, and any aircraft, may not call at ports in the common travel area between Britain and the Irish Republic not designated by the Bill without the approval of the police. The Secretary of State would be empowered to place restrictions and conditions on any British port.

Search

In addition to existing search warrant procedures designed to obtain material for the purposes of investigations into terrorism, there would be a special provision for a search to be authorised by an officer of police superintendent rank or above in urgent cases.

Withholding Information

The Bill makes it an offence to withhold information which could be of assistance in preventing the commission by another person of an act of terrorism connected with Northern Irish affairs or in securing the apprehension, prosecution or conviction of

[1]These organisations, along with the 'loyalist' Ulster Freedom Fighters and the Ulster Volunteer Force, are proscribed in Northern Ireland under the Northern Ireland (Emergency Provisions) Acts 1978 and 1987 (see pp 3-4, 1987).

another person in relation to a terrorist act.

Northern Ireland

Clause 21 empowers the Army and the police in Northern Ireland to carry out searches for munitions, etc under the Northern Ireland (Emergency Provisions) Act 1978 and to impose specific requirements on a person to ensure that the search is effectively carried out. No such requirement would last for more than four hours, but a further four-hour period could be authorised by a police officer of superintendent rank or above. There would also be a power to search a person in a dwelling where a search was taking place.

Under Clause 22 the maximum rate of remission of sentence for people convicted of terrorist-type offences under the Northern Ireland (Emergency Provisions) Act 1978 and given a custodial sentence of five years or more would be reduced from one-half to one-third. If the person were to be convicted of another terrorist-type offence before the expiry of the original sentence, the person would be returned to custody to serve the remainder of the original sentence before serving any further term for the second offence.

PARLIAMENTARY DEBATE

Home Secretary's Speech

Moving the second reading of the Bill on 6 December (*Hansard*, Vol 143, No 11, cols 207-274), the Home Secretary, Mr Douglas Hurd, said that in the past 20 years Britain had seen a terrorist campaign unparalleled in the Western world, aimed ostensibly at the goal of a united Marxist Ireland. This campaign by the Provisional IRA had caused the deaths of almost 3,000 men, women and children, including more than 400 soldiers. In 1988 alone 91 people had been killed in Northern Ireland.

Although success against terrorism in Northern Ireland depended on energetic co-operation in the security effort on both sides of the border, on the valiant attempts being made to reconcile the two communities, and on sustaining the economy, laws properly adapted to the prevention and pursuit of terrorism were essential. 'Terrorism is a crime, but it is an exceptional crime, directed at the heart of society, carried out on the whole by well-trained and well-equipped men. Society has to learn to protect itself by measures to prevent terrorism and then, if necessary, to bring terrorists to justice.' The limited special powers contained in the Bill saved lives because they were powers of prevention. 'We must be able to act where we can before blood is spilled on the streets.'

On the question of exclusion powers, Mr Hurd said that the Government had taken great care when exercising them and that there was no alternative when it was not possible to bring charges against those who were planning acts of terrorism. The number of people excluded was now 123.

The power to arrest and detain persons on reasonable suspicion of involvement in the commission, preparation or instigation of an act of terrorism had shown itself to be an invaluable part of Britain's armoury. A recent judgment of the European Court of Human Rights (see p 408), Mr Hurd said, had made clear that these arrest powers did not conflict with the European Convention on Human Rights. The Court had found that the arrests of the four applicants had been based on reasonable suspicion of the commission of an offence and that the intention of the arrests had been to bring charges if sufficient and usable evidence could have been obtained. The Court had differed from the Government not over the arrest power or the length of detention under the Act but on the need for detainees to be brought before a judge or other officer authorised by law to exercise judicial power.

The British Government wanted to ensure that the police continued to have the powers they needed to counter terrorism. Under the Convention there were two ways that Britain could proceed. It could derogate under the Convention in respect of the exercise of these powers as provided in Article 15[1] or it could introduce a judicial element into the procedure for authorising extentions of detention in order to comply with Article 5.3 of the Convention. The Government was examining the problem with an open mind and would bring forward proposals to deal with it before the Bill left the House.

Mr Hurd stressed that exceptional powers should only remain on the statute book for as long as it was absolutely necessary. The Government believed that Parliament should regularly have to take a conscious decision as to whether they should remain in force, which was why the Bill's powers would have to be renewed annually or lapse. 'They can be renewed wholly or in part, as Parliament decides, so that if Parliament takes the view at any time that a certain provision can safely be allowed to cease to have effect, this can happen. But we do not believe that it is necessary to have a new Act every five years.'

Although the existing Acts prohibited financial contributions to acts of Northern Irish terrorism and gave a power to the courts to order the forfeiture of any money or property intended to be used for terrorist offences, more extensive legislation was needed to strike at the financial roots of terrorism. The Provisional IRA had an estimated income of between £3 million and £4 million which was required to buy arms and equipment and for other purposes. It had also devoted a good deal of time and effort to fund raising, partly through extortion and armed robbery – already covered by law – and partly through apparently legitimate business which gave it an assured income and a firmer base. It was, for example, producing pirate videos on a large scale and engineering mortgage fraud through unsuspecting estate agents. The Chief Constable of the Royal Ulster Constabulary believed that the Bill's powers were vital if such terrorist racketeering was to be tackled. The Provisional IRA was not the only group involved in such things since there was evidence that terrorist groups connected with the Middle East had used the London banking system to their advantage.

Mr Hurd expressed the hope that the police would have the co-operation of the banks and other

[1]Article 15 states that 'in time of war or other public emergency threatening the life of the nation', any signatory 'may take measures derogating from its obligations under this Convention to the extent strictly required by the exigencies of the situation, provided that such measures are not inconsistent with its other obligations under international law'.

financial organisations in the implementation of the new proposals. These had been discussed with the financial institutions of the banking world in London and Belfast and they had accepted the need for incisive action against funds passing through banks and other financial institutions. The Bill provided for Orders in Council to designate other countries whose forfeiture and restraint procedures would be enforceable in Britain. These Orders would be made as and when mutual enforcement agreements with other countries were negotiated after the Bill became law. 'If funds can cross international barriers, the power to intercept these funds must also cross those borders.'

The reduction of remission for prisoners in Northern Ireland serving fixed terms of five years or more for terrorist-type offences, Mr Hurd said, was designed to deter people from committing terrorist offences and, 'by restricting the opportunity for those convicted to become further involved on release, to protect the general public'.

Opposition Views

The Opposition spokesman, Mr Roy Hattersley, said that it was wrong in a free society to detain a suspect for seven days without charge and to oblige a man or a woman, through the use of exclusion orders, to live in parts of the country stipulated by the Government. The war against terrorism would be won only by the wholehearted support of the law-abiding population; both seven-day detention and exclusion orders alienated and antagonised people whose assistance was needed. The Opposition was prepared to support those measures that were consistent with a free society such as the powers to make it an offence to solicit, receive or accept contributions of money and other property intended to finance terrorism.

On the exclusion powers, Mr Hattersley said that the majority of people excluded from Great Britain had been convicted of no offence and were innocent under the law. Moreover the idea that terrorists could be excluded from the United Kingdom mainland and be required to live in Northern Ireland was wholly inconsistent with the view that Northern Ireland was part of the United Kingdom and should be treated like other parts of it.

Concluding, Mr Hattersley said that if terrorism was to be defeated terrorists should not be given the opportunity to claim that the democratic process was denied to them and that violence had become their only avenue of expression.

Speaking for the Social and Liberal Democrats, Mr Robert Maclennan said that the Bill was acceptable because it sought to ward off terrorist atrocities and because law enforcement officers believed that it had a material role in achieving that aim. Provisions such as detention and exclusion could only be regarded as temporary and Parliament had to review the provisions annually and reconsider their effectiveness and the manner in which they were carried out. In relation to the judgment of the European Court of Human Rights, Mr Maclennan said that it was necessary for the Government to seek to reconcile the detention procedures with the requirement of the European Convention that an arrested or detained person should be brought promptly before a judge.

Views of Northern Ireland Political Parties

The Democratic Unionist spokesman, the Rev. Ian Paisley, said that executive detention was a weapon in the armoury of any democratic government and that a similar law providing for seven days' detention was on the statute book of the Irish Republic. His party supported the principle of the Bill but added that there was no way forward in Northern Ireland until the constitutional parties were able to find an agreement that would supersede the flawed and failed Anglo-Irish Agreement (see pp 367-74, 1985).

Speaking for the Official Unionists, Mr Ken Maginnis said that his party would vote for the Bill on principle and would hope to table amendments to improve its effectiveness. Expressing doubts about international co-operation in the fight against terrorism, Mr Maginnis said that legislators had to meet their responsibility to the nation.

The spokesman for the Social Democratic and Labour Party, Mr Seamus Mallon, said that the terrorist thrived in an abnormal situation created by emergency provisions and got sympathy and recruits from it. An answer was required to deal with the real problem rather than putting the rubber stamp on abnormality each week. Terrorism would not be defeated by this type of legislation but by the creation of a consensus among Irish people on the island of Ireland.

Government Reply

Closing the debate for the Government, the Minister of State at the Northern Ireland Office, Mr Ian Stewart, agreed that security measures alone would not solve the problems of Northern Ireland, but added that this was an entirely different argument from saying that no security measures were needed at all. 'If we were to abandon the sort of security measures that are represented by this legislation, there would be an immediate and uncontrollable situation which at present is substantially contained by the powers that are available to the Government.' Although security measures dominated the headlines, Northern Ireland's future depended on economic, social and political progress and on elected representatives taking a more direct part in its political life.

Noting that remission arrangements for prisoners convicted of terrorist-type offences were a new feature, Mr Stewart said that under current arrangements a person serving a fixed sentence in Northern Ireland would be released earlier than if he or she had committed the same offence and received the same sentence elsewhere in the United Kingdom.[1] In the light of experience of reinvolvement in terrorist activity the Government believed that this should no longer be allowed to continue. The one-third remission of sentence and the new rules of reactivated remission would apply only for offences committed after the enactment of the Bill.

On the detention powers, Mr Stewart observed that detention was used as a preliminary to trial with the intention of charges being made and brought forward under the ordinary criminal law. During the 21 months from the beginning of 1987, 17·5 per cent of those detained for less than 48 hours were eventually charged; of those detained for more than four days 35 per cent were charged.

Concluding, Mr Stewart said that without the

[1]In the rest of Britain remission is one-third of sentence (see pp 408-10).

powers contained in the Bill the opportunities for terrorists would be enlarged, more lives would be put in jeopardy, the efforts of the security forces to tackle terrorism would be hampered and it would be made more difficult for the communities of Northern Ireland to grow out of tensions and troubles.

European Court of Human Rights Judgment

In 1984 four British citizens resident in Northern Ireland were arrested under the 1984 Act on the basis of a reasonable suspicion that they had been involved in the commission, preparation or instigation of acts of terrorism connected with the affairs of Northern Ireland. They were all held for more than four days but none was charged or brought before a judicial authority before release.

On 29 November 1988 the European Court of Human Rights ruled that there had been a breach of Article 5.3 of the European Convention on Human Rights which states that everyone arrested or detained in accordance with Article 1 (c) 'shall be brought promptly before a judge or other officer authorised by law to exercise judicial power'. Article 1 states that deprivation of liberty can only be permitted in accordance with a procedure prescribed by law and that arrest or detention is lawful when it is effected for the purpose of bringing a person before a competent legal authority on reasonable suspicion of having committed an offence.

The Court found that the conditions for lawful arrest and detention had been satisfied by Britain. In its view the statutory definition of terrorism was well in keeping with the Convention's notion of an offence and each applicant had been questioned within a few hours of arrest about suspected involvement in specific offences. It also concluded that there was no reason to believe that the detentions were not intended to further the police investigation by way of confirming or dispelling the concrete suspicions grounding their arrest.

The Court also rejected the applicants' claim that Article 5.4 had been violated. This states that anyone arrested or detained should be entitled to take proceedings under which the lawfulness of detention can be decided speedily by a court. The Court pointed out that the applicants chose not to avail themselves of the remedy of *habeas corpus* which would have allowed courts in Northern Ireland to examine not only compliance with the procedural requirements set out in the 1984 Act but also the reasonableness of the suspicion regarding the arrest as well as the legitimacy of the purpose of the arrest and the ensuing detentions.

The Court stated that Britain had also breached Article 5.5 of the European Convention which states that everyone arrested or detained in breach of the Article has an enforceable right to compensation.

Parole in England and Wales

Major reforms in the system providing for the early release of prisoners on parole in England and Wales were recommended in the report of a review committee[1] published in November.

[1]*The Parole System in England and Wales: Report of the Review Committee*, Cm 532. HMSO, £10·30. ISBN 0 10 105322 3.

The committee, chaired by Lord Carlisle of Bucklow, was set up by the Home Secretary, Mr Douglas Hurd, in 1987 to review the operation of the parole scheme and related matters.

The Present System

Under the present system in England and Wales, all prisoners serving sentences of 12 months or less are entitled to remission of 50 per cent, subject to good behaviour. Most others are entitled to one-third remission and may, in addition, be released on parole after serving one-third of their sentence (including time spent in custody on remand), provided that they have served at least six months in custody after sentence.

Those serving sentences of over five years for violence, arson, sexual offences or drug trafficking are granted parole only in exceptional circumstances, or otherwise for only a few months at the end of sentence.

The pre-release of prisoners serving life sentences – not covered in the committee's terms of reference – is at the discretion of the Home Secretary, subject to a favourable recommendation by the Parole Board (see below) and after consultation with the judiciary. The Home Secretary is not, however, bound to accept such a recommendation for release or the views of the judiciary. People serving life sentences for the murder of police or prison officers, terrorist murders, murder by firearms in the course of robbery, and the sexual or sadistic murder of children are normally detained for at least twenty years. On release, life sentence prisoners remain on licence for the rest of their lives and are subject to recall should their behaviour suggest that they might again be a danger to the public.

The Parole Review Process

All parole reviews start at the prison where the governor identifies eligible inmates who are then considered for release by a local review committee, whose members are recruited and nominated by the prison governor and appointed by the Home Secretary. The committee sends its recommendations, together with all the relevant papers, to the Home Office Parole Unit in London.

The Unit invariably endorses a recommendation for release without ratification from the Parole Board – a statutory body appointed by the Home Secretary – in cases of sentences of less than two years; two-year sentences when the committee's recommendation is unanimous or with one dissenting voice; and, providing that the offence is not a sexual one or does not involve arson, violence or drugs, sentences of over two years and up to and including four years when the committee has unanimously, or with one dissenting vote, recommended parole. In other cases with a positive recommendation, release has to be endorsed by the Parole Board.

If the committee makes a negative recommendation in a case where the sentence is less than two years, it is not generally referred to the Board; however, if any committee panel considering six or more of such cases turns down more than 50 per cent, the Home Office Parole Unit sends the cases to the Board for a second opinion.

If there is a negative recommendation in a case where the sentence is two years or more, it is either

turned down without reference to the Board or sent to it for a second opinion; the case goes to the Board if the committee has recommended against parole by three votes to two. If the recommendation is unanimous or with only one dissenting vote, the handling by the Unit depends on the prisoner's reconviction prediction score, a measure of the statistical probability of reconviction within two years of release, calculated on the basis of 18 variables.

When dealing with a case the Parole Board considers a number of factors, namely the nature of the offence, criminal and other history, prison behaviour and response to treatment, medical considerations, home circumstances and employment prospects on release, and co-operation with parole supervision. In addition the Board takes into account the Home Secretary's restricted policy towards those sentenced to more than five years for certain offences and considers in each case whether there are exceptional features justifying early parole and whether in any event a few months' parole supervision at the end of the sentence is warranted.

Once it has considered a case, the Parole Board's recommendation goes to the Unit. If parole is recommended the Unit first looks at the case to see whether the granting of parole will conflict with normal policy, and a few cases are referred to the Home Secretary on this basis for decision. Otherwise the Board's recommendation for release is carried out.

If parole is granted the inmate is released under a licence which expires on the day on which he or she would have been released had parole not been given. For almost all offenders this is the two-thirds point of sentence plus any days of forfeited remission. The licence sets out certain conditions, including supervision by a probation officer. The offender is liable to be returned to prison to serve the rest of the sentence up to the two-thirds point if he or she reoffends or breaches the parole licence.

The Committee's Report

Noting that the contribution which the courts and prisons alone can make to reducing crime is strictly limited, the committee welcomes the priority being given to crime prevention in its broadest sense. It believes that the courts should send to prison only those whose offending makes any other course unacceptable, that sentences should be no longer than is strictly necessary, and that every sentence should continue in force for its full duration even though the offender could be allowed to serve part of it in the community rather than in prison. If the last were to be adopted, concludes the committee, there would have to be changes in sentencing levels and a determined attempt on the part of the Government and the judiciary to secure a corresponding reduction in sentencing at all levels. If these were not forthcoming and its proposals had a significant adverse effect on the prison population, the committee was 'satisfied that the case for a root and branch review of sentencing law and practice, and its interaction with early release mechanisms, would become irresistible'.

The committee recommends that for those with sentences of four years or less, parole and remission should be abolished and replaced by a new system of conditional release. Under this scheme all such prisoners would be released from custody after serving half their sentences, subject to any extra days added for specific misconduct in prison.

For those sentenced to over four years early release on parole would remain but they would become eligible only after half their sentence instead of a third. Those not granted parole would continue to be released as now after two-thirds of their sentence, subject to good behaviour in prison.

The committee recommends that all prisoners on early release, whatever the length of their sentences, should be liable – if convicted of another offence punishable with imprisonment before the end of the original sentence – to be ordered to serve part or all of that sentence outstanding at the time of the fresh offence. In addition everyone sentenced to twelve months or more would have to be supervised within the community by the probation service for the third quarter of the sentence.

Parole Decision Taking

The report says that the decision to release people on parole should be taken by the Parole Board alone, that the local review committees and the Home Office Parole Unit should be abolished, and that the Home Secretary should cease to be involved in individual cases. It believes that the parole decision should be based on a more specific test, 'namely an evaluation of the risk to the public of the person committing further serious offences at a time when he would otherwise be in prison, as against the benefit both to him and the public of his being released from prison back into the community under a degree of supervision which might assist his rehabilitation and thus lessen the risk of his reoffending in the future'. The criteria for parole would be prescribed by statute.

In drawing up the release plan, the report says, the home probation officer would take particular account of any concerns expressed by the victims of the original offence and, where necessary, propose suitable licence conditions so that the offender's reintegration could be achieved in a manner which caused them least distress. 'The probation service should also be entitled to advise a victim of the impending release of his or her assailant where they judge that this would be helpful.'

The Committee recommends that the parole decision taking process should be more open and that all the reports prepared for the Board should be disclosed to the inmate except in highly exceptional cases where disclosure might cause specific harm. It believes that inmates should receive help in submitting their representations and that they should not be prevented from engaging a lawyer at their own expense to assist them. Each prison would need to ensure that it had sufficient suitably trained volunteer parole counsellors to assist inmates with their parole cases. The Parole Board would be required to give inmates meaningful reasons for refusing to grant parole and those wishing to complain about the outcome of their cases would be able to write to the Chairman of the Board who would have the discretion to order another review. Parole reviews would continue to be held at annual interviews except where a licence had been revoked or where the Board advanced the date of a review for special reasons.

The report says that the Parole Board should continue to be a national body but that it should meet in regional panels more often than it does at present.

The Home Secretary should continue to have a general oversight for the statutory framework for parole, for laying the Board's annual report before Parliament and for answering questions in Parliament on the parole system as a whole. He would, however, cease to be involved in individual cases. Appointments to the Board would remain the Home Secretary's responsibility and the Board would continue to include judges, psychiatrists, probation officers, academic lawyers and criminologists as well as other people with relevant interests and experience from professional backgrounds and voluntary work. Serving prison governors would need to be added to the categories of people who had to be appointed to the Board. Membership would also need to reflect the diverse ethnic composition of society as a whole.

Prisons

The Government's policy on prisons and their place within the criminal justice system was set out by the Home Secretary, Mr Douglas Hurd, in a speech to the Prison Governors' annual conference in Blackpool on 14 November.

Noting that it was the duty of the courts to decide who should go to prison, Mr Hurd said that the Government was responsible for supplying the prison places required by the sentences of the courts. It also had to see that the courts had a range of penalties available to them so that they could give suitable sentences to the wide variety of offenders who came before them. Violent and serious offenders had to be given long prison sentences while less serious offenders needed to be dealt with by and within the community rather than being sent to prison. 'It is not the case that all those who are now in prison need to be there. Many people who are in our prisons and who have been convicted of non-violent offences could be dealt with adequately in the community.'

The Government's strategy had led to work on three fronts. Overcrowding was being tackled by putting massive new resources into the prison system, the concept of punishment within the community was being developed in order to contain the demand for prison places, and fundamental changes were being made to improve efficiency within the system.

Building Programme

It was the Government's duty to provide decent though austere accommodation for all those whom the courts sent to prison. Since overcrowding and the poor condition of much of the prison estate hampered that objective, unprecedented resources were being committed to building new prison places and to improving the existing stock of buildings. Since 1979 expenditure on the prison service had increased in real terms by 43 per cent and that on buildings by 117 per cent. In the current financial year provision stood at £802 million and over the next three years extra resources would allow for continued expansion of the prison building programme to provide a further 3,000 or so prison places by 1992.

The existing programme provided for 28 new prisons by the mid-1990s and for refurbishment and expansion of existing establishments. Eight new prisons had been opened since 1984 and twenty more were at various stages of construction, design or planning. Between 1980 and the mid-1990s some 25,000 new prison places would have been provided. The additional places would help to make significant progress towards the ultimate aim of eliminating overcrowding. The latest figures suggested that the shortfall between prison places and population would drop from a little over 5,000 in 1989-90 to just over 3,000 in 1991-92, falling further in following years. An earlier impact could be made on overcrowding if the rise in the prison population continued to slow down.

The Government, continued Mr Hurd, had also taken initiatives to improve efficiency in prison building. A design brief team had been set up to update and rationalise prison design and the Prisons Board – with a private sector element – was supervising the delivery of the building programme. The possibility of involving the private sector more closely in the prison system was also being considered.

Use of Custody

Turning to the demand for prison places made by the courts, the Home Secretary said that the growth in the number of prisoners awaiting trial on remand had been of concern to all. In the 1988 autumn financial statement (see p 375), provision for 500 extra bail hostel places had been made for people with no fixed address who might otherwise have been remanded in custody. The proportionate use of custody in magistrates' courts had dropped from 8 per cent in 1986 to 7 per cent in 1987 and in the Crown Court remained the same at 54 per cent. The use of custody needed to be reduced still further, particularly for 17 to 20-year-olds and for offenders of all ages who could safely be supervised in the community. More use could also be made of existing non-custodial penalties and the Government's aim was to increase the courts' use of such penalties.

For the longer term the Government had proposed a new order which would enable the courts to combine some elements of existing orders for the offender (see pp 259-61). 'The idea is that this could be used repeatedly for persistent non-violent offenders and enable such people to be dealt with in the community rather than ending up in custody. It is aimed particularly at recidivists. It would involve restrictions on liberty as a punishment, reparation to the community or compensation to the victim, and action to reduce the risk of re-offending.'

Financial provision had also been secured for intensive probation schemes in which offenders would be kept under close supervision, especially at the start of the order. The Government also wanted

to see greater use made of community service orders for offenders, a demanding penalty which made the offender pay back something to the community; although the initial impact might not be as great as that of a prison sentence, it usually went on for longer. National standards were being devised for such schemes to make sure that the orders made consistently rigorous demands on offenders (see p 190).

Efficiency

The third element in the Government's strategy was the work being done to improve the efficiency of the prison service. A computer system of regime monitoring had been introduced in April, the first time that the service had provided a systematic means of providing prison governors and their senior staff with key information about the establishment's performance in comparison with planned levels of service. The aim was to give governors and their management teams timely and regular information as a basis for planning and taking corrective action where necessary. Used in this way the system would make an important contribution to improving the prospects of delivering planned activities for prisoners.

The Fresh Start initiative,[1] now in place in every establishment, offered the opportunity to improve the life of staff with the benefits of shorter hours, better pay and conditions and the opportunity at all levels for greater responsibility and a more satisfying job. One of its main purposes was also to provide a firm basis for the regime experienced by prisoners. The greater flexibility provided by group working, coupled with clear definition and distribution of activities, offered more certainty and there would be far fewer occasions when work or classes were disrupted by unforeseen commitments.

[1]Under the Fresh Start programme new working arrangements have been introduced to reduce excessive overtime by prison officers, to improve their working conditions, to unify the governor and uniformed officer grades and to organise the work of the prison service on a more efficient basis. It also aims to provide a sound basis for improving regimes for prisoners.

Rehabilitation

Concluding, Mr Hurd said that now the new management systems were in place a modern penal system could not be run on the basis of containment and punishment alone. If these concepts alone were relied on prisons would become unsafe places in which to live and work. An increase in the amount of purposeful activity by inmates could do much to create safe working and living conditions. Those prisons in which inmates were locked up for long periods of the day were not safe and did not offer them the opportunity to change for the better. Work and other worthwhile activities offered the best hope for security and for rehabilitation through the example of leadership and self-respect. Rehabilitative objectives were still necessary for the service. 'The systems and resources are there to provide humane custody and to help inmates lead law abiding and useful lives while in prison, and following their release.'

Britain's Foreign and Defence Policies

The objectives of British foreign and defence policies at a time of improvements in East-West relations were outlined by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, and the Defence Secretary, Mr George Younger, in a debate in the House of Commons in November.

FOREIGN AND COMMONWEALTH SECRETARY'S SPEECH

Opening the debate on 25 November (*Hansard*, Vol 142, No 4, cols 335-406), Sir Geoffrey said that the foreign policy climate was continuing to change for the better. In the West, the European Community was pressing ahead with the revolution in the way its people lived and did business with each other (see pp 335-8), while in the East the Soviet President, Mr Mikhail Gorbachev, was promoting his own revolution, the impact of which was being felt far beyond the Soviet Union's borders (see pp 364-7).

East-West Relations

Sir Geoffrey said that East and West were rediscovering the potential of some post-war institutions, perhaps most notably the United Nations. There was now great opportunity for constructive action by Britain to shape both the destiny of Europe and the direction of what could be a new era in East-West relations. British foreign policy aimed to advance democracy, defend freedom, and maintain and promote British prosperity while defending its interests and advancing Western values by being an active and committed member of the European Community and the North Atlantic Treaty Organisation (NATO), 'the guarantor of our security'. Britain consistently pursued a policy that combined strong defence with the search for dialogue to get results. After years of confrontation following the Soviet invasion of Afghanistan (see pp 15-18, 1980), it was the Soviet Union under Mr Gorbachev which had begun to move towards the West's agenda and notable successes had followed, such as the Intermediate Nuclear Forces (INF) Treaty (see pp 9-11 and 191-3) and, under the Geneva accords, the withdrawal of Soviet forces from Afghanistan (see pp 164-6).

Sir Geoffrey said that Britain had established a real dialogue on the issues with the Soviet leadership, allowing both sides to explore, and often to diminish, differences frankly and openly. The British Government welcomed Soviet political and economic reforms, but Sir Geoffrey warned that the end result would not be a Western democratic system, since Mr Gorbachev was aiming not at dismantling the one-party system but rather at making it more efficient (see p 364).

Defence and Deterrence

Sir Geoffrey also pointed out that the West had to accept the fact that the Soviet Union would remain a military superpower. It was still spending at least 15 per cent of its gross national product on defence – maintaining over 5 million active members in its armed forces, building twice as many tanks as NATO every year, and launching a new submarine every 37 days. The Soviet Union claimed that its force levels and deployments in Europe were purely defensive, but the simple facts were that the Warsaw Pact forces were superior in numbers and were geared for offensive operations. Without facts agreed to by East and West, Sir Geoffrey said, 'there can be no starting point for negotiations, no reliable verification, and no arms control agreements. We need the facts out in the open – facts that underpin our case and justify NATO's entire approach to arms control.' Military *glasnost* was a prerequisite for successful arms control. Despite the improved atmosphere of East-West relations, he said, the balance of conventional forces in Europe had not improved in recent years, as had been shown in a NATO document published on 25 November following a British initiative. There was an imbalance of three to one in the Warsaw Pact's favour in tanks and artillery and of two to one in combat aircraft. The Soviet Union alone had more tanks and artillery in Europe than the rest of the Warsaw Pact and NATO combined. Faced with this huge conventional superiority, NATO could not afford to abandon its policy of nuclear deterrence that had kept the peace in Europe for 40 years.[1]

Arms Control

Britain, continued Sir Geoffrey, wanted further progress in arms control, and NATO had set the agenda of 50 per cent cuts in United States and Soviet strategic nuclear weapons, a global ban on chemical weapons, and the elimination of conventional imbalances in Europe. NATO had agreed that talks on conventional stability and on confidence-build-

[1]The NATO document, called *Conventional Forces in Europe: The Facts*, lays out the current balance of conventional forces in Europe between NATO and the Warsaw Pact (see p 415).

ing measures should take place within the framework of the Conference on Security and Co-operation in Europe (CSCE). Mr Gorbachev had said that the right way to correct imbalances was for the side with the largest forces to make the reductions, and the question now was whether the Soviet Union would be ready to put these words into effect (for recent Soviet proposals see p 415).

Human Rights

The West also wanted an agreement that strengthened respect for individual human rights. Since the Soviet proposal in 1986 at the start of the Vienna meeting for a human rights conference in Moscow in 1991, the Soviet record on human rights had improved, and it was now possible to begin to take the proposal seriously. The West, however, wanted to be sure that the conference would 'genuinely advance the cause of human rights in the Soviet Union. . . . If the Soviet Union wants the conference to take place it must provide clear evidence that it intends the improvement in its human rights record to be permanent, that it accepts that human rights must be respected as of right and that it will ensure open conditions for the holding of the conference itself. Not to set and insist on strict conditions of that kind would be to deny all the effort we have made over the years on behalf of those in the Soviet Union – and elsewhere – who are seeking their basic freedom.'

European Community

Sir Geoffrey pointed out that, unlike the economic stagnation of Eastern Europe, the economic system in the West was dynamic. Britain's membership of the European Community was helping to transform Europe's future, and much of the Community's agenda had been set by Britain, including the single market concept which would revolutionise the way in which Europe did business (see p 337). Britain had worked with its partners to put in place more than 100 out of 300 measures for the single market. The single market would be completed in time, he said, because many of the old problems had been cleared from the agenda, such as agricultural spending which was now finally being brought under control (see pp 143-4, 1986). 'The Europe that Britain wants to see will be a Europe not just of growing prosperity but of growing political significance in world affairs and a force for stability, democracy and economic freedom. It will be a Europe open for business and open to the world . . . because we want other countries to make their markets as open as we are determined that the European market shall be after 1992.' The European Community had reached agreement with the United States over recent trade legislation and with Japan over Scotch whisky imports, and Britain hoped to build on these successes within the General Agreement on Tariffs and Trade (GATT), especially in the key area of agriculture: the Community had cut agricultural support and protection, and, while the European Community had to do more, its GATT partners too had to make similar efforts if they were to bring agriculture back closer to market realities.

United Nations

From its place in Europe, the Foreign and Commonwealth Secretary continued, Britain derived additional authority for the influence it brought to bear in the wider world, not only through the Commonwealth which remained a significant focus of Britain's political, aid, and trade relationship with more than 40 developing countries,[1] but also in the United Nations. Britain had led the search for solutions to regional conflicts through the UN Security Council, particularly through the renewed co-operation between the foreign ministers of its five Permanent Members (Britain, the People's Republic of China, France, the Soviet Union and the United States). Britain had secured the resumption, after an interval of many years, of meetings between the five foreign ministers during the General Assembly. After 40 years, 'a combination of changed superpower relations, and a determination to use the Security Council to solve real problems, offer hope of effective action on regional issues which threaten peace'. The first fruit of such efforts had been the ceasefire in the Iran-Iraq war, a year after the acceptance of resolution 598, the result of a British initiative (see pp 253-5, 1987, and pp 267-8). As well as supporting the efforts of the UN Secretary-General to negotiate the implementation in full of that resolution, Britain had also agreed to restore full diplomatic representation with Iran, which was a major power in the region (see p 424).

Chemical Weapons

On the use of chemical weapons by Iraq against the Kurds (see pp 298-9), Sir Geoffrey said that Britain had pressed for action in the Security Council, and had raised the subject in the UN General Assembly. Iraq had responded by saying that it was seeking to comply with international obligations, but Britain believed that the matter needed to be kept continuously on the international agenda. It supported the French and US proposal for a conference of signatories to the 1925 Geneva convention on chemical weapons being convened in Paris in January 1989 (see p 333). The use of chemical weapons remained a source of continuous preoccupation to Britain, he assured the House.

The Middle East

On British hostages in Lebanon and the British subjects imprisoned without trial in Iran, Sir Geoffrey emphasised that the British Government had made no deal over these people, and had been urging the Iranian authorities for a long time to release the two British prisoners held without trial and to do all in their power to help secure the release of the British hostages in Lebanon. 'Prospects for the further development of our relations must certainly be affected by the Iranian approach to these questions,' he said.[2]

The British position on the Palestinian problem, he continued, was clear and consistent: 'We believe that the only answer is a negotiated settlement

[1]For Britain's relations with the Commonwealth see the Central Office of Information (COI) pamphlet *Britain and the Commonwealth,* No 109/85, and with the United Nations, see COI paper *Britain and the United Nations after Forty Years,* No 266/85.

[2]Two British businessmen (Mr Nicholas Nicola and Mr Roger Cooper) have been held in Iran for nearly three years without trial. There are also British hostages (the Archbishop of Canterbury's envoy, Mr Terry Waite, a television cameraman, Mr John McCarthy, and a teacher, Mr Brian Keenan) held in Lebanon by pro-Iranian extremists.

based on the principles of security for all states and justice for all peoples in the region, including Palestinian self-determination. An international conference still offers the best framework for negotiations.' While the apparent willingness of the Palestinian National Council (PNC) to accept an international conference on the basis of Security Council resolutions 242 and 338 was a positive move (see p 420), there were ambiguities remaining, including its failure to renounce violence and accept explicitly Israel's right to exist. The PNC's declaration of a Palestinian state did not help carry the matter forward, and while Britain recognised the movement that the Palestinians had made, it looked to them to reinforce their move promising words with deeds.

Sir Geoffrey said that it was time for Israel, whose past policies had provoked the continuing Palestinian uprising (see pp 14-15), to move as well, since a blank rejection of Palestinian overtures was not an answer. Each side had to be prepared to make the other an offer it could not refuse. Britain had been working consistently for a negotiated settlement in co-operation with the European Community.

Southern Africa

Welcoming the approval by the Cuban, Angolan and South African governments of the Geneva agreement on a timetable for Cuban troop withdrawal from Angola (see pp 268-70),[1] Sir Geoffrey pointed out that patient diplomacy by the United States had finally brought results in another long-standing area of conflict, Namibia. Namibian independence on the basis of UN Security Council resolution 435 was nearer now than at any time in the past ten years. The Soviet Union had also played a constructive role during the talks, 'a positive example of United States-Soviet co-operation which could serve as a precedent for the resolution of other major regional problems'. Britain, which gave full support to the negotiations, would have a special role in working for early implementation of resolution 435, and would be ready to offer, with its Community and Commonwealth partners, economic and other assistance to an independent Namibia. The main credit for the progress achieved had to go to those who had supported 'the unjustly derided policy of staying engaged'.

Sir Geoffrey said that there was an increasing understanding in black African countries of the British position towards South Africa, since they knew that Britain was working for an end to apartheid which was 'a violation of basic human rights and human dignity', and for the unconditional release of the African National Congress leader, Mr Nelson Mandela. They also knew of British concern for other prisoners in South Africa, including the Sharpeville Six (see p 225fn). Sir Geoffrey pointed out that Britain had repeatedly urged the South African authorities to reprieve them and welcomed their decision to do so.[1] Britain was also helping black South Africans, and was strengthening the prosperity and stability of neighbouring countries, through, for example, the civil assistance and military training being given to Zimbabwe and Mozambique (see p 228 and pp 46-7). Britain's voice, he said, was 'a positive one aimed at alleviating, not exacerbating, a difficult situation. That is why we reject punitive sanctions, which would impoverish and abandon the very people whom we are seeking to help.'

DEFENCE SECRETARY'S SPEECH

Speaking in the same debate, the Defence Secretary, Mr George Younger, emphasised that the lessons during the long years while the Soviet Union refused to negotiate seriously about arms control could not be forgotten now that a more realistic outlook and less aggressive stance appeared to have been adopted by its leaders. 'The security of this country and the other NATO nations is vital and demands a sober approach to arms control negotiations, not an uncritical embrace of superficially attractive proposals,' he warned. Britain was cautiously optimistic about securing further arms control agreements, particularly on conventional and strategic nuclear forces, but it was disturbing that, despite Mr Gorbachev's talk of 'reasonable sufficiency' in defence, the West had not yet seen any evidence of a reduction of the Soviet Union's capability for aggressive action; in view of this 'it was vital that the West should keep up its guard'.[2]

The importance the Government attached to maintaining a strong defence, the Defence Secretary continued, was seen in the equipment it had ordered, including 64 vessels, seven regiments of Challenger tanks, 23 battalions of armoured vehicles, and 500 aircraft. In addition, the main development contracts for the European fighter aircraft (see p 166) had been signed in November, and the Government was adding £1,000 million a year to the spending plans over the next three years (see pp 374-5), a figure which in real terms was approximately an average of 1 per cent growth each year.

British forces were contributing to international peace keeping, including the Sinai-based multinational force and observers group and the UN forces in Cyprus. Although the Royal Navy ships of the Armilla patrol had stopped accompanying entitled merchant ships in the Gulf from 31 October following the Iran-Iraq cease-fire (see pp 253-5, 1987, and pp 267-8), they remained on patrol in the region. In the two years up to October 1988, the patrol accompanied over 1,000 merchant vessels through the Straits of Hormuz, more than all the other Western navies put together.

On the conventional stability talks in Vienna, Mr Younger said that Britain was playing a leading role in discussions on the mandate for these negotiations, the broad objectives of which had been

[1]In November Cuba, Angola and South Africa approved a timetable for the withdrawal of Cuban troops from Angola. A protocol, signed by the three countries on 13 December, provides for the withdrawal of Cuban and South African troops from Angola and Namibia and the election in November 1990 of a constituent assembly responsible for adopting a constitution for an independent Namibia. The protocol also provides for the establishment of a UN Transition Assistance Group to police the ceasefire, monitor the South African troop withdrawal and help supervise the election, and a joint commission to deal with disputes.

[1]The Sharpeville Six, as well as a number of other prisoners, were reprieved by the South African President, Mr P W Botha, on 23 November.

[2]Speaking to the UN General Assembly in New York on 7 December, Mr Gorbachev announced a package of unilateral cuts in Soviet conventional forces in Eastern Europe and the Soviet Union (see p 415).

agreed to at the NATO heads of government summit meeting in March 1988 (see pp 95-9 and 415-19). In response to a suggestion that NATO countries were entering a period of unilateral disarmament within NATO as a result of budgetary pressures, Mr Younger said many NATO countries had achieved real growth following the lead given by the United States and Britain, which had permitted a substantial investment in modern and effective weapons systems, largely in the conventional field. On modernisation and force restructuring, Mr Younger said that to maintain deterrence at a minimum level of forces in the face of continuing modernisation of Soviet forces NATO had to ensure that its forces were effective, responsive and able to survive without undermining the real reduction in NATO's land-based nuclear weapons resulting from the INF agreement.

NATO, Mr Younger concluded, would continue to maintain only the minimum level of forces consistent with credible deterrence; NATO's nuclear stockpile in Europe was at its lowest level for 20 years (see pp 419-20, 1983), and had been reduced by 35 per cent since 1979. 'That shows that our policy is working in the face of the need to keep a strong defence and to base upon that further armaments reductions. It is delivering a reduction in nuclear weapons when all previous attempts at such a policy did not succeed.'

North Atlantic Treaty Organisation

At a meeting in December, members of the North Atlantic Council of the North Atlantic Treaty Organisation welcomed the Soviet Union's plans to reduce its conventional forces in Europe; they put forward conventional arms reduction proposals for consideration at the forthcoming negotiations on conventional stability and confidence- and security-building measures in Europe, and reaffirmed their commitment to use any opportunity to co-operate in the search for political solutions to East-West differences.

Background

Speaking to the UN General Assembly in New York on 7 December, the Soviet President, Mr Mikhail Gorbachev, announced a package of unilateral cuts in Soviet conventional forces in Eastern Europe and the Soviet Union, including a reduction of 500,000 personnel (10 per cent), 10,000 tanks, 8,500 artillery systems and 800 combat aircraft by 1991. These cuts include the withdrawal of six tank divisions from Czechoslovakia, the German Democratic Republic and Hungary and their disbanding, and the withdrawal of assault landing and crossing units (a total of 5,000 tanks and 50,000 personnel). Forces in the Mongolian People's Republic and on the Soviet-Chinese border are also being reduced. Changes in the Soviet Union's defence posture, Mr Gorbachev stated, were designed 'to maintain [its] defence capability at a level of reasonable and reliable sufficiency'.

The latest NATO document on the balance of conventional forces in Europe,[1] published on 25 November, shows that the Warsaw Pact has in Europe 51,500 main battle tanks compared to NATO's 16,424, 22,400 armoured infantry fighting vehicles to NATO's 4,153, 43,400 artillery systems to NATO's 14,458, and 8,250 combat aircraft to NATO's 3,977. The Warsaw Pact has also more personnel than NATO (3,090,000 compared with 2,213,593).

British Views

In the House of Commons on 8 December (*Hansard*, Vol 143, No 13, cols 429-32), the Prime Minister, Mrs Margaret Thatcher, said that the West welcomed Mr Gorbachev's unilateral reductions in forces and armaments as 'an important step towards securing a better balance of forces in Europe in view of the Soviet Union's present overwhelming superiority'. Mr Gorbachev's proposals were made genuinely 'to reduce conventional weapons and the dissymmetry on his side, and no doubt also because ... he wishes to raise the standard of living in the Soviet Union. Our task', she continued, 'is to make certain that we always have a sure defence while trying to extend the hand of friendship across the European divide.' Mrs Thatcher stressed, however, that the West had to keep the matter in perspective: even after the proposed reductions the Soviet Union would have 41,500 tanks in Europe compared with 16,500 for NATO, 35,000 artillery systems compared with NATO's 14,000, and 7,400 aircraft compared with NATO's 4,000. Since there would still be a major asymmetry in the Soviet Union's favour, there was much tough negotiating that had to be done, she said.

Speaking in Brussels on 8 December after the North Atlantic Council meeting, Britain's Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said that the West had complained that Soviet forces were too large, their concentration in Europe too high, and their nature, posture, and deployment offensive and not defensive. Mr Gorbachev's response had acknowledged all these features. On the other hand, the West 'should not go away with the illusion that it is Soviet initiatives that are setting the world to right', since these replies, although encouraging, were only responses to 'our long-standing agenda.'

NORTH ATLANTIC COUNCIL

The following communiqué (slightly abridged and with headings added) was issued by the North Atlantic Council of the North Atlantic Treaty Organisation (NATO) after its meeting on 8 and 9 December.[2] The Council also published a document on 8 December covering its proposals on conventional arms control. (The North Atlantic Council was pre-

[1] *Conventional Forces in Europe: The Facts.*

[2] There are sixteen members of NATO: Belgium, Britain, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey and the United States. France, Iceland (which has no military forces) and Spain do not participate in NATO's integrated military structure.

ceded by meetings of the Defence Planning Committee (1 and 2 December), the Independent European Programme Group (9 November) and the Nuclear Planning Group (27 and 28 October).)

FINAL COMMUNIQUÉ

East-West Relations

Our meeting has taken place amid clear signs of change in the internal and external policies of the Soviet Union and of some of its allies. Promising prospects are opening up for an improved East-West dialogue. We are encouraged by this trend which, if sustained, would provide us with an unprecedented opportunity to shape a better international environment reflecting our basic values and the aspirations of our peoples.

Among the most promising recent developments is the address made by President Gorbachev at the 43rd UN General Assembly, which indicates the extent of change in Soviet policies.

We will continue to seize every opportunity to co-operate in the search for political solutions to East-West differences, with a view to promoting our ultimate aim of a just and lasting peaceful order in Europe.

In the pursuit of this endeavour, we look for further tangible and lasting changes addressing directly the issues dividing East and West. We reiterate our willingness to work closely with the Soviet Union and its allies in the search for ways to ease and finally overcome the painful division of Europe.

We will continue to evaluate closely the current developments in Eastern Europe, where pressures for movement toward political and economic reform are mounting [see pp 366-7]. *While welcoming progress achieved in certain areas, we need to take a realistic view of developments. The Soviet Union and other Eastern countries still have to meet fully their obligations on human rights. Nevertheless, we are encouraged by the recent introduction or announcement of important measures in this field. In the defence area we express the hope that President Gorbachev's address also represents the starting point of a new approach by the Soviet Union to the size and structure of their military forces and programmes, which both in the nuclear and conventional fields still exceed any reasonable defence need.*

Our approach to these developments will continue to be based on:

— the validity of the Harmel Report [see p 12fn] *with its two complementary and mutually reinforcing principles, adequate military strength and political solidarity, and, on that basis, the search for constructive dialogue and co-operation, including arms control;*

— the common interests, as well as the historical, cultural and moral values that tie the United States, Canadian and European members of our Alliance indivisibly together: these are at the basis of the commitment of the North American democracies to the preservation of peace and security in Europe. A free, independent and increasingly united Europe is vital to North America's security;

— the continuing validity of our strategy of deterrence for the prevention of war in the terms set out in the declaration of our Heads of State and Government at their summit meeting of March of this year [see pp 95-9]; [and]

— our firm resolve to maintain the strategic unity of the Alliance and the principle of indivisibility of security.

The security policy of the Alliance embraces a broad spectrum of political as well as military concerns. We attach particular importance to the CSCE [Conference on Security and Co-operation in Europe] *process, which provides a road map for stable and constructive relations between East and West and for a dynamic evolution in Europe. We note with regret that a number of governments in the East still continue to ignore important provisions of the Helsinki Final Act and the Madrid Concluding Document* [see pp 325-8, 1983]*: full implementation of the undertakings contained in these documents, including full respect for human rights, is an essential requirement for genuine peace and enhancement of mutual confidence. We will continue to strive for the conclusion of the CSCE Follow-Up meeting in Vienna in the immediate future, with a substantial and balanced concluding document* [see pp 347-9, 1986].

Arms Control

Arms control is an integral part of Alliance security policy. In expressing full support for the United States position in the START [strategic arms reduction talks] *negotiations, i.e. its aim to reach a 50 per cent reduction in the strategic nuclear forces of the United States and the Soviet Union* [see pp 191-3], *we welcome the substantial progress achieved, including preliminary agreement on key elements, and look forward to a timely, successful conclusion of these negotiations. We reaffirm the importance of the INF* [Intermediate Nuclear Forces] *Treaty and welcome its smooth implementation. We also take note of progress towards the early ratification of the Peaceful Nuclear Explosions Treaty and the Threshold Test Ban Treaty as a result of the negotiations on the verification protocols to these treaties* [see p 199fn].

Conventional Weapons

We recall the Document on Conventional Arms Control issued by the Heads of State and Government in March of this year, which indicated that the conventional imbalance in Europe remains at the core of Europe's security concerns.

We look forward to beginning as soon as possible conventional stability negotiations, within the framework of the CSCE process [see p 199], *with the objective of establishing a secure and stable balance of forces at lower levels, between the 23 members of the two military alliances in Europe. We want a situation in Europe in which force postures, as well as numbers and deployments of weapons systems, no longer make a surprise attack and a large scale offensive action a feasible option, an option which we have never possessed or desired. Our vision remains a continent where military forces should only exist to prevent war and to ensure self-defence, not for the purpose of military aggression and not for the purposes of political or military intimidation.*

We therefore welcome the latest pronouncement by the Soviet leadership regarding significant reductions of Soviet conventional forces in Europe and re-structuring of the remaining forces. This implicitly acknowledges our long-held view that redressing the conventional imbalance is a key to more security and stability in Europe. Implementation of these measures would be a very important first step in this direction and reduce, but not eliminate, the conventional imbalances. In particular, it would provide a very favourable impetus to the conventional stability negotiations.

The conventional stability talks will be accompanied by distinct negotiations on further confidence-building measures among the 35 CSCE participants. Such negotiations will have to build upon and expand on the results of the Stockholm conference, which marked a significant step towards increasing transparency and contributed to greater confidence and predictability of military activities in Europe [see pp 317-19, 1986] *. To promote transparency and confidence we have recently taken the initiative of publishing data on conventional forces in Europe* [see p 415]. *We look to the countries of the Warsaw Treaty Organisation and other participating states to reciprocate this effort.*

Recognising the urgency and central importance of addressing conventional stability and increased confidence in Europe, we have adopted a separate statement outlining our proposal for the forthcoming negotiations on conventional stability and further confidence- and security-building measures in Europe (see pp 418-19).

The member states participating in the MBFR [Mutual and Balanced Force Reductions] *talks emphasise their agreement to the continuation of these talks until a new mandate for negotiations on conventional stability has emerged. They also agree that these talks should be concluded before the start of new negotiations.*

Chemical Weapons

We reiterate our full commitment to the goal of an early conclusion of a truly world-wide, comprehensive and effectively verifiable ban on chemical weapons [see pp 297-9].

In that spirit we endorse the call for a conference in Paris of the states party to the 1925 Geneva Protocol and other concerned states [see p 333]. *We will lend our full support to its work. We expect that the conference will strengthen the authority of the Protocol and of principles prohibiting the use of chemical weapons, recall the condemnation by the international community of the recourse to these weapons and give a strong further impetus to the negotiations on a total and effectively verifiable ban on chemical weapons.*

The solution of the outstanding issues in the negotiations at the Geneva Conference on Disarmament will not only require greater openness about capabilities in order to promote more confidence between the participating states, but also the intensification of the technical work, in particular on the crucial issue of verification, needed to underpin the negotiating effort. In the perspective of a chemical weapons ban, we also underline the importance of stringent controls on the export of commodities related to chemical weapons production. Such a ban is all the more imperative as a priority at a time of reports of use of these weapons against civilians and continuing proliferation in various parts of the world.

As called for in the ministerial statement issued in June 1988 in Madrid, we received a written report on the further development of the comprehensive concept of arms control and disarmament. We reviewed the state of work and welcomed the progress achieved to date.

The council in permanent session was directed to pursue intensively, in the perspective of the comprehensive concept, its consideration of all outstanding arms control issues, in accordance with the Reykjavik Statement of June 1987 [see pp 230-2, 1987], *and to submit a complete report by our next meeting.*

Other Alliance Issues

We reaffirm our commitment to share fairly the risks, burdens and responsibilities, as well as the benefits, of our participation in the Alliance. This commitment to equitable sharing is a fundamental principle of the Alliance and a pre-requisite for maintaining its cohesion and solidarity. We all attach great importance, in an evolving political, trade and economic environment, to maintaining balance and equity in our partnership.

The countries concerned welcome the publication of a major and wide-ranging report on enhancing the collective security of the Alliance.[1] *It breaks new ground, and its conclusions and recommendations chart a clear course of action for the future. The report also underlines the determination of the countries concerned to ensure the provision of adequate resources available for defence and to exert the maximum effort to obtain the greatest return on their defence investment.*

Berlin

The maintenance of a calm situation in and around Berlin and the achievement of practical improvements for Berliners remain of fundamental importance for East-West relations. In this context the Alliance strongly supports the current Western initiative on Berlin [see p 194fn]. *It welcomes progress over Berlin's inclusion in international agreements.*

The Alliance supports the continued efforts of the Federal Republic of Germany to strengthen dialogue and co-operation with the German Democratic Republic in the interest of the German people, including Berliners, and thus to contribute to peace and stability in Europe.

Afghanistan

We continue to follow clearly the situation in Afghanistan [see pp 164-6]. *We previously noted the start of the Soviet troop withdrawal and expect the Soviet Union to resume that process and to meet the 15 February deadline. We support the aspiration of the Afghan people to exercise their right to self-*

[1]Published in December by the Defence Planning Committee, the report, entitled *Enhancing Alliance Collective Security: Shared Roles, Risks and Responsibilities of the Alliance*, concluded that major contributions were being made by both European and North American pillars of the Alliance, but that there were significant variations among member countries in the scale and nature of contributions. It identified areas where further improvement could be made.

determination and to recover their country's full sovereignty and independence.

Terrorism

We reiterate our condemnation of terrorism in all its manifestations and reaffirm our determination to combat it. We believe international co-operation to be essential in the eradication of this scourge.

Assistance within the Alliance

In the spirit of Article 2 of the North Atlantic Treaty and in view of the prosperity gap among the various members of the Alliance, we renew our support for our economically less favoured partners and reaffirm our goal of improving the present level of co-operation and assistance within the Alliance.

We note and welcome the approval of the guidelines for the co-ordination agreements to be concluded between the major NATO commanders and the Spanish military authorities. We consider this to be an important event for the Alliance. It opens the way to a significant Spanish military contribution to the common defence outside the integrated military structure.

We agreed that civil emergency planning and preparedness are essential elements in NATO's policy of deterrence and defence. The human and financial resources required for civil preparedness constitute a cost-effective contribution to that policy, as well as to the efficiency of peacetime disaster relief arrangements. Civil emergency planning remains a responsibility of member countries. To be fully effective, the actions of the countries in this field must, however, be complemented by the maximum co-operation between capitals and at Alliance level.

CONVENTIONAL ARMS CONTROL

The following statement was approved by ministers and published on 8 December.

In their statement 'Conventional Arms Control: The Way Ahead' [see pp 97-9], *the Heads of State and Government participating in the meeting of the North Atlantic Council in March 1988 emphasised that the imbalance in conventional forces remains at the core of Europe's security concerns. We shall be presenting specific proposals at the negotiating table to redress this imbalance.*

We look forward to the early commencement of the two negotiations we have proposed: one on conventional stability between the 23 members of the two military alliances in Europe and one on confidence- and security-building measures among all 35 signatories of the Helsinki Final Act.

In these negotiations we will be guided by:

— the conviction that the existing military confrontation is the result, not the cause, of the painful division of Europe;

— the principle of the indivisible security of all our nations. We shall reject calls for partial security arrangements or proposals aimed at separate agreements; [and]

— the hope that the new thinking in the Soviet Union will open the way for mutual agreement on realistic, militarily significant and verifiable arrangements which enhance security at lower levels.

Towards Stability

The major threat to stability in Europe comes from those weapons systems which are capable of mounting large-scale offensive operations and of seizing and holding territory. These are above all main battle tanks, artillery and armoured troop carriers. It is in these very systems that the East has such a massive preponderance. Indeed, the Soviet Union itself possesses more tanks and artillery than all the other members of the Warsaw Pact and the Alliance combined. And they are concentrated in a manner which raises grave concerns about the strategy which they are intended to support as well as their role in maintaining the division of Europe.

The reductions announced by the Soviet Union are a positive contribution to correcting this situation. They indicate the seriousness with which the conventional imbalances which we have long highlighted as a key problem of European security are now also addressed by the Soviet Government. We also welcome the declared readiness of the Soviet Union to adjust their force posture. The important thing is now to build on these hopeful developments at the negotiating table in order to correct the large asymmetries that will still remain and to secure a balance at lower levels of forces. For this, it will be necessary to deal with the location, nationality and the state of readiness of forces, as well as their numbers. Our proposals will address these issues in the following specific ways:

— We shall propose an overall limit on the total holdings of armaments in Europe. This limit should be substantially lower than existing levels, in the case of tanks close to a half. This would mean an overall limit of about 40,000 tanks.

— In our concept of stability, no country should be able to dominate the continent by force of arms. We shall therefore also propose that no country should be entitled to possess more than a fixed proportion, such as 30 per cent, of the total holdings in Europe of the 23 participants in each equipment category. In the case of tanks, this would result in an entitlement of no more than about 12,000 tanks for any one country.

— Limiting numbers and nationality of forces would not by itself affect the stationing of forces on other countries' territory. Stationed forces, particularly those in active combat units, are especially relevant to surprise attack. We shall propose limits on such forces.

— Our proposal will apply to the whole of Europe. In order to avoid undue concentration of these weapon categories in certain areas of Europe, we shall propose appropriate sub-limits.

To buttress the resulting reductions in force levels in the whole of Europe, we shall propose stabilising measures. These could include measures of transparency, notifications and constraint applied to the deployment, movement and levels of readiness of conventional armed forces, which include conventional armaments and equipment.

Finally, we shall require a rigorous and reliable regime for monitoring and verification. This would include the periodic exchange of detailed data about forces and deployments, and the right to conduct on-site inspections.

Towards Transparency

Greater transparency is an essential requirement for real stability. Therefore, within the framework of the CSCE process, the negotiations on confidence- and security-building measures form an essential complement to those on conventional stability. We are encouraged thus far by the successful implementation of the Stockholm Document and we consider that the momentum must be maintained.

In order to create transparency of military organisation, we plan to introduce a proposal for a wide-ranging, comprehensive annual exchange of information concerning military organisation, manpower and equipment as well as major weapon deployment programmes. To evaluate this information we will propose modalities for the establishment of a random evaluation system.

In addition, in order to build on the success of the Stockholm Document and to create greater transparency of military activities, we will propose measures in areas such as:

— more detailed information with regard to the notification of military exercises;

— improvements in the arrangements for observing military activities;

— greater openness and predictability about military activities; [and]

— a strengthening of the regime for ensuring compliance and verification.

Finally, we shall propose additional measures designed to improve contacts and communications between participating states in the military field; to enhance access for military staffs and media representatives; and to increase mutual understanding of military capabilities, behaviour and force postures. We will also propose modalities for an organised exchange of views on military doctrine tied to actual force structures, capabilities and dispositions in Europe.

A Vision for Europe

We will pursue these distinct negotiations within the framework of the CSCE process, because we believe that a secure peace cannot be achieved without steady progress on all aspects of the confrontation which has divided Europe for more than four decades. Moreover, redressing the disparity in conventional forces in Europe would remove an obstacle to the achievement of the better political relationship between all states of Europe to which we aspire. Conventional arms control must therefore be seen as part of a dynamic process which addresses the military, political, and human aspects of this division.

The implementation of our present proposals and of those we are making for further CSBMs [confidence- and security-building measures] *will involve a quantum improvement in European security. We will wish to agree and implement them as soon as possible. In the light of their implementation we would then be willing to contemplate further steps to enhance stability and security in Europe, for example:*

— further reductions or limitations of conventional armaments and equipment; [and]

— the restructuring of armed forces to enhance defensive capabilities and further reduce offensive capabilities.

Our vision remains that of a continent where military forces only exist to prevent war and to ensure self-defence, not for the purpose of initiating aggression or for political or military intimidation.

INDEPENDENT EUROPEAN PROGRAMME GROUP

Defence ministers of the thirteen countries of the Independent European Programme Group (IEPG), which is the main forum for European collaboration in defence equipment, met in Luxembourg on 9 November. They underlined their common objective of making the most effective use of conventional defence resources by enhancing industrial and technological co-operation. They reaffirmed their determination to further this process by creating a European market for defence equipment procurement and comprehensive co-operation in research and technology. An agreed format would be created throughout IEPG countries, increasing the bidding opportunities for companies in all member nations through a permanent secretariat. Defence research had to be better co-ordinated and managed so that funds were fully exploited. In the field of technology transfer, an information system was being established which would cover the available technological knowledge, and current research and projects.

Out a total of 15 equipment projects now being undertaken by IEPG countries, ministers emphasised the importance of sustaining the momentum of various projects, including the advanced short-range air-to-air and the medium surface-to-air missile programmes.

Ministers also emphasised the importance of armament co-operation throughout NATO, and stressed the need to avoid the introduction of measures which might inhibit such co-operation.

European Council

Among the issues discussed at the meeting of the European Council held in Rhodes, Greece, on 2-3 December were the single market, the environment, the role of the European Community in the world, the Middle East and terrorism. Britain was represented by the Prime Minister, Mrs Margaret Thatcher, and the Foreign and Commonwealth Secretary, Sir Geoffrey Howe.

Prime Minister's Statement

Speaking to the House of Commons (*Hansard*, Vol 143, No 11, cols 173-4), Mrs Thatcher reported on the Council and the issues it had discussed. She said that approximately half the measures required for the implementation of the single market, which is due to be completed in 1992, had now been agreed (see p 224). The priorities for the next stage would include banking and financial services and public

procurement (see pp 334-40); these subjects were of particular interest to Britain. Mrs Thatcher stated that she had made clear that Britain did not regard Community decisions on tax rates as necessary to complete the single market. She thought there was a growing recognition of the bureaucratic and other difficulties that the European Commission's proposals on indirect taxation (see pp 338-9) would raise.

Regarding the so-called 'social dimension' of the single market, it was also widely recognised, she said, that the best way to meet social needs and to advance the living standards of all the people was through the extra economic growth that the single market would generate.

The second main subject discussed at the Council had been the environment. The Council had issued a declaration drawing attention to the need for international action to deal with damage to the ozone layer and the 'greenhouse effect'. Britain was convening a conference in London in March to discuss the depletion of the ozone layer (see p 438).

Thirdly, the Council had discussed the Community's role in the world. The declaration that it had issued (see below) underlined that the Community would not close in on itself after 1992 but would keep its markets open and encourage others to do likewise. This was a good message for the mid-term meeting of the General Agreement on Tariffs and Trade (GATT) Uruguay Round (see p 328, 1986), which was taking place in Montreal.

The Council had also discussed the Middle East and confirmed the cautious welcome which the Community's foreign ministers had given to the outcome of the Palestine National Council meeting in Algiers.[1] It would not be right to go further than that, Mrs Thatcher said, until the Palestine Liberation Organisation recognised unequivocally Israel's right to a secure existence and renounced violence. In its conclusions, the Council had also recognised the need for co-operation between governments to combat terrorism.

Mrs Thatcher observed that the Council was an occasion for heads of government to take stock of issues in the Community and the wider world. Its principal result was to give fresh impetus to the completion of the single market by 1992. This remained Britain's current priority in the Community.

Declaration on the Environment

In its declaration on the environment issued at the Rhodes meeting, the European Council recognised that the world was confronted by environmental problems of increasing magnitude. In the interests of sustained growth and a better quality of life, there was an urgent need to find solutions to such global issues as the depletion of the ozone layer, the 'greenhouse effect' (see p 350), the problem of water resources, soil erosion, safe management of toxic chemicals and waste, air pollution and particularly 'acid rain' (see pp 350-1), and the problems of urban areas. In many cases effective action would require better scientific research and understanding.

The declaration stated that Europe's industrial future and international competitiveness after the completion of the single market in 1992 would depend in part on applying a high level of environmental protection. Special attention had to be devoted to the seas and coastal regions of member states, particularly the Mediterranean region, the North Sea and the Irish Sea, which were of outstanding importance from the economic and ecological standpoint.

In the wider international context, the Community and its member states were determined to play a leading role in the action needed to protect the world's environment and would continue to strive for an effective international response to global problems.

International Role of the European Community

The Council's declaration on the Community's international role reaffirmed that the single market would benefit member and non-member states alike, and would not close in on itself. The single market would be a decisive factor contributing to greater liberalisation of international trade on the basis of the GATT principles of reciprocal and mutually advantageous arrangements. The Community would continue to participate actively in the GATT Uruguay Round and was committed to strengthening the multilateral trading system. With the United States, Japan and other partners in the Organisation for Economic Co-operation and Development (OECD),[1] it would also continue to pursue policies designed to promote sustainable non-inflationary growth in the world economy.

The Community would continue to work to improve its economic and political relations with the United States, Japan and other industrialised countries. In particular it wished to strengthen and expand relations with the European Free Trade Association (EFTA)[2] and all other European nations that shared the same ideals and objectives. Open and constructive dialogue and co-operation would be pursued actively with other countries or regional groups in the Middle East, the Mediterranean, Africa, the Caribbean, the Pacific, Asia and Latin America, with special emphasis on inter-regional co-operation. The Council emphasised the need to improve social and economic conditions in less developed countries and to promote the adjustment of their economic structures through trade and aid. It also recognised the importance of a continuing policy to tackle the problems of highly indebted countries, and looked forward to the conclusion of negotiations for the renewal of the Convention between the Community and its 66 African, Caribbean and Pacific partners in 1989 (see p 162).

The Community was determined to play an active role in the preservation of international peace and

[1]On 14 and 15 November the Palestinian National Council, meeting in Algiers, renounced terrorism and gave recognition, implicitly, to the state of Israel. It also declared an independent Palestinian state in the West Bank and Gaza Strip territories occupied by Israel since the 1967 Arab-Israeli war. These developments will be covered more fully in the next *Survey of Current Affairs*.

[1]The OECD was established in 1961 and has 24 member states. Its main aims are to promote the highest sustainable growth and employment and a rising standard of living in member countries, to contribute to sound economic expansion in member as well as non-member countries in the process of economic development, and to further the expansion of world trade.

[2]The member states of EFTA are Austria, Finland, Iceland, Norway, Sweden and Switzerland.

security and in the solution of regional conflicts, and to show its support for democracy and human rights. It would work to strengthen the effectiveness of the United Nations and would contribute to its peace-keeping role.

In the field of East-West relations, the Council also welcomed the readiness of the European members of the Council for Mutual Economic Assistance (see p 225) to develop relations with the Community and reaffirmed its willingness to further economic relations and co-operation with them. It would strive to achieve full respect for the provisions of the Helsinki Final Act and further progress in the Conference on Security and Co-operation in Europe process, including an early and successful conclusion of the Vienna follow-up meeting (see pp 159-62). The Community would also work for the establishment of a secure and stable balance of conventional forces in Europe at a lower level, the strengthening of mutual confidence and the conclusion of a global ban on chemical weapons. It would seek the promotion of human rights and fundamental freedoms, free circulation of people and ideas and the establishment of more open societies, human and cultural exchanges between East and West, and the development of political dialogue with the countries of Eastern Europe.

European Monetary Issues

In recent speeches on European monetary issues, the Governor of the Bank of England, Mr Robin Leigh-Pemberton, said that he saw little evidence that the implications of monetary union were acceptable to European Community member countries in the immediate future. Also, he felt that it was not clear that conditions were yet right for British participation in the exchange rate mechanism of the European Monetary System. However, he saw the British Government's programme of sales of Treasury Bills denominated in the European Currency Unit as an important landmark.

EUROPEAN MONETARY SYSTEM

The Governor was speaking in Luxembourg to the Forex Club on 15 November. His speech concentrated on the practical and evolutionary aspects of the move towards increased exchange rate stability.

The Single Market and Exchange Rate Stability

In Mr Leigh-Pemberton's view, increased exchange rate stability was not necessary for the benefits of the single European market (see p 337) to be realised. The purpose of the single market was the removal of trade barriers and distortions – partly to ensure that trade took place at prices that reflected underlying economic realities. The exchange rate was, in some senses, a price like any other; it was therefore important that it was the right price – one that did not represent a fundamental misalignment of exchange rates, for example. But a fixed price was not necessarily the right one: a fixed price could not adjust to changing circumstances.

Nevertheless, the Governor admitted the intellectual attractions of increased stability of exchange rates within Europe and perhaps, ultimately, a single currency. The benefits would stem mainly from the reduction in uncertainty.

Monetary Union

Mr Leigh-Pemberton explained that monetary union – the adoption of a single currency – would require a major transfer of economic decision-making. Monetary union would be incompatible with the operation of different monetary policies in different member states; therefore, monetary policy would need to be determined at Community rather than national level. There would also have to be constraints on national fiscal policies in order to ensure their compatibility with Community monetary policy. Although member states would presumably retain considerable freedom in determining the size and composition of government expenditure, there might need to be limits on the size of budget deficits and constraints on the method of financing them.

Even with reasonable integration within the Community and sufficient flexibility of prices and wages, imbalances between countries would be certain to continue; there would need to be an agreed method of handling them. The necessary structural adjustments were sometimes slow to take effect; it was therefore arguable that, while adjustment was taking place, imbalances would need to be partly financed by transfers from surplus to deficit countries.

It was thus clear that economic and monetary union would involve major changes in Community economic policy; major changes in the balance of power between the Community and individual member states; and major changes in Community institutions. 'Whatever the commitment of governments and electorates to the long-term aim of economic and monetary union, I see little evidence yet of any readiness to accept such fundamental changes in the immediate future', the Governor said.

Practical Progress

It might therefore be more profitable, he continued, to concentrate not on the ultimate goal but on the immediate practical steps that might be taken to prepare the ground.

Some commentators said that the obvious next step would be for sterling and other currencies in the European Monetary System (EMS) that did not participate in the Exchange Rate Mechanism (ERM) to join it. However, the Governor was of the view that it was still not obvious that conditions were yet right for British participation. Britain's monetary policy was responding to the excessive growth in domestic demand during 1988 and to the accompanying inflationary pressures. The main aim of policy was to exert steady downward pressure on inflation. Interest rates played an important part in this (see p 425); while the value of exchange rate stability was recognised, this could not be the overriding objective of policy. 'For the present, that remains the reduction of inflation.' Mr Leigh-Pemberton also felt that the involvement of sterling in the mechanism at

this stage would introduce a new element of complexity into its operation.

The Governor then turned to the practical steps that could be taken. First, countries should concentrate on providing real economic integration in the Community. Throughout the Community there were still instances of structural imperfections and rigidities in markets, especially those for labour. Such structural problems would need to be dealt with if the Community was to work smoothly as a single market.

Secondly, more might be done to increase the co-ordination of economic policy between member states. Given the necessary willingness, more could be done even without institutional change as the necessary Community bodies already existed.

Further practical steps could include increased use of EMS currencies in intervention in the Community; the European Currency Unit (ECU – see below) might have a useful role to play here as markets in it developed.

The European Monetary System and the World Monetary System

Considering the implications of the EMS for the world monetary system, the Governor suggested three lessons to be learned.

First, patience was needed. It had taken time for the ERM to establish its market credibility; the frequency of realignments in its early days encouraged sceptical observers to think that it might prove short-lived. However, its stability in the past two turbulent years showed that patience had been rewarded.

Secondly, intervention alone, unless accompanied by appropriate policies, could defend exchange parities only in the very short term.

Thirdly, significant progress could only be made when those involved considered it to be in their own self-interest to bring it about.

EUROPEAN CURRENCY UNIT

Mr Leigh-Pemberton addressed the ECU Banking Association on 6 December. In considering the role of the private ECU (as opposed to the official ECU, used solely between central banks in the EMS) in a truly European market, he suggested that, as a composite unit, it should continue to present a commercially attractive option for business. He hoped that ECU markets would develop as trade benefited from the single European market.

The Governor rejected the idea that the ECU was a short cut to further economic and monetary integration in the Community. Nevertheless, it was now well established in world financial markets, being the sixth most widely used currency in lending between countries and accounting for around 4 per cent of the international bond market. This success had been largely fostered by the private sector. There was no reason why use of the ECU should not increase further, particularly if commercial demand was encouraged by completion of the internal market.

ECU Treasury Bills

Mr Leigh-Pemberton explained that markets in ECU bonds had thrived, helped by competitive yields. However, shorter-term markets were comparatively underdeveloped. If the ECU was to continue its progress, these markets would need to become deeper and more liquid and to provide a wider range of instruments. An important milestone here was Britain's programme of ECU Treasury Bill sales (see p 347), which had filled a gap in the market. The Governments of Italy and the Irish Republic had also issued short-term ECU debt but the British Government's initiative was the first full short-term ECU Treasury Bill programme. Both tenders that had so far taken place had been heavily over-subscribed.

The Prospect

In considering the prospect for the ECU, the Governor thought that commercial initiatives should generally prove self-reinforcing. As use of the ECU increased, stimulated by the potential private demand that surveys had revealed, there would be a need for increasingly sophisticated instruments, which would, in turn, inspire greater commercial activity.

Mr Leigh-Pemberton welcomed other types of ECU-denominated debt, particularly short-term issues from other governments within the European Community. A similar development would be the increased use, where appropriate, of the private ECU in currency intervention by central banks in the Community. The Governor also welcomed the possibility of an ECU futures contract and the consideration being given to streamlining settlement arrangements for ECU instruments.

Reweighting

The composition of the ECU was next due for reweighting in September 1989, the last one having been in 1984. The regulations stated that any revision should not alter the external value and that any changes in the weights of component currencies should take account of underlying economic criteria.

Mr Leigh-Pemberton was of the view that anything governments could do by September to clarify the outcome of the reweighting would help in the further development of the market.

Conclusion

Concluding, the Governor explained that the ECU would stand or fall on its commercial attractions. Development should remain in the hands of the private sector. 'Its growth should be a pragmatic, self-generating process that needs encouragement, without intrusion, from official quarters.'

Falkland Islands

Britain reaffirmed its sovereignty over the Falkland Islands and its willingness to establish improved relations with Argentina during a debate in the United Nations General Assembly on 17 November.

The debate took place on a draft resolution calling on Britain and Argentina to initiate negotiations

with a view to finding the means to resolve peacefully and definitively the problems between both countries 'including all aspects on the future of the Falkland Islands'. The draft resolution received 109 votes; there were five against (including Britain) and 37 abstentions.

British Statement

The British Permanent Representative, Sir Crispin Tickell, pointed out that in June the Argentine President, Mr Raúl Alfonsín, had told the UN that a dialogue with Britain was the only method that Argentina could think of to recover its sovereignty over the Falkland Islands. Sovereignty over the Islands was, however, not for negotiation, since they were British and the Falkland Islanders had repeatedly made known through their elected representatives that they had no desire to become part of Argentina. Sir Crispin emphasised: 'Self determination is one of the fundamental principles of the Charter of the United Nations ... The British Government continues and will continue to uphold the right of the Islanders to self determination. That is why we are not prepared to accede to talks about sovereignty.'

Recalling the Argentine invasion and occupation of the Islands in 1982, Sir Crispin said that it had profoundly affected the attitude of the Islanders towards Argentina, Argentina's professions of goodwill and Argentine assurances that their way of life would be guaranteed.

Sir Crispin said that since 1982 Britain had worked steadily to restore more normal relations with Argentina. In 1983 it had proposed the resumption of air links, in 1984 it had suggested talks in Berne (see pp 293-4, 1984) and in 1985 it had renewed its offer through the Red Cross to permit visits by Argentine next of kin to war graves on the Islands and to return the bodies of those who had fallen. Shortly thereafter Britain had unilaterally lifted its restrictions on imports from Argentina. Argentina, however, continued to impose unilateral restrictions on British goods and commercial interests and had not responded positively to these various British initiatives.

There was, however, one area of progress. In October 1986 Britain had invited the Argentine Government to review with it possible ways to co-operate on fisheries conservation in the south-west Atlantic. Since 1987 both Governments had continued to exchange ideas through the United States Government about ways of working together on fisheries conservation and on reducing tension. The British Government remained committed to developing this exchange. 'If trust can be established during a detailed discussion on technical issues of concern to us both, then we would hope that this might form a basis for Argentina to respond to some of the British initiatives I have mentioned, which are aimed at restoring normality to Anglo-Argentine relations.'

Argentine View

The Argentine Secretary of State of Foreign Affairs, Señorita Susana M. Ruiz Cerutti, said that Britain's refusal to take part in negotiations coincided with an insistence on setting preconditions to any dialogue by expressly excluding sovereignty from the discussion. This precondition was unacceptable because the Falklands, South Georgia and the South Sandwich Islands belonged to the Argentine Republic which would 'never give up its right to claim for them and have them returned to it'.

[For further information, see COI reference paper, *The Falkland Islands and South Georgia and the South Sandwich Islands,* No 152/88.]

Shorter Notes

WESTERN EUROPEAN UNION

On 14 November Portugal and Spain accepted an invitation to join the Western European Union (WEU) and, at an accession ceremony in London, signed a protocol which, when ratified, will bring them into the WEU. Created in 1954 under the modified Brussels Treaty, the WEU was revitalised in 1984 to provide further impetus towards European defence and security co-operation (see pp 251-2, 1984). The existing members are: Belgium, Britain, France, the Federal Republic of Germany, Italy, Luxembourg, and the Netherlands.

Speaking to WEU foreign ministers at the signing ceremony, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said the decision to invite Portugal and Spain to join the WEU was 'further evidence of the organisation's successful revitalisation'. Britain, the current President of the WEU,[1] welcomed the fact that Portugal and Spain, which were already members of the European Community and the North Atlantic Treaty Organisation, were completing their integration into the mainstream of modern European life by joining the WEU. Both countries, he said, shared with the existing members a common perception of European values and of the threat to them, and saw the Atlantic Alliance as 'the fundamental instrument of Europe's collective defence now and in the future'. They also believed that there was 'no alternative, for the foreseeable future, to a strategy of defence and effective deterrence based on an adequate mix of nuclear and conventional forces', and were actively engaged in restructuring their forces 'to meet the challenges of the future'. In addition, the two countries agreed that WEU members had to maintain an adequate level of defence spending and accepted the commitment in Article V of the modified Brussels Treaty which required members to come to the aid of other members in the event of attack.

At the WEU council meeting, member countries discussed a number of issues, including a report on the implementation of the Platform on European Security agreed in 1987 (see pp 355-6, 1987); they also noted with approval the success of the joint minesweeping operation in the Gulf as a concrete example of the work that the WEU was doing in the field of defence co-operation (see p 268).

[1]Britain became President of the WEU in June 1988.

BRITAIN'S RELATIONS WITH IRAN

Britain and Iran have agreed to resume full diplomatic relations.[1] Talks between the two governments on implementing this agreement were concluded on 10 November. Announcing this to the House of Commons on 30 November, the Minister of State at the Foreign and Commonwealth Office, Mr William Waldegrave, observed that relations between the two countries would be conducted in accordance with the Vienna Convention on diplomatic and consular relations (see pp 153-5, 1985), to which both countries are signatories. He announced that a chargé d'affaires would soon be in place in Tehran[2] and other staff would follow. The raising of representational levels from chargé to ambassador would be considered in due course.

Source: *Hansard*, Vol 142, No 7, written answers, col 302.

[1]In June 1987 Britain and Iran reduced the level of diplomatic representation to just one member of staff, following the seizure of a British diplomat in Tehran by the Iranian authorities in May (see p 229, 1987). Britain's representative post has remained largely vacant since August 1987, however, because the Government has not been satisfied that a British diplomat could operate safely in Tehran.

[2]The chargé d'affaires took up his post in Tehran on 4 December.

BELIZE

The British Government has agreed to provide an aid loan of £7·5 million to assist development in Belize, a former British dependent territory which became independent in 1981 (see p 215, 1981).

The loan, announced by the Overseas Development Administration on 23 November, will be interest free with a five-year grace period and maturity of 14 years. Projects to be financed under the loan will be identified after discussions between Belize and the British Government.

The new loan brings total British aid commitments to Belize to £27 million since independence. This has been used mainly on economic infrastructure projects, such as roads and the airport, rural development and agriculture, education and manpower development.

Source: Overseas Development Administration press notice, 30.11.88.

Economic Policy

The primary role of interest rate policy in the battle against inflation was reaffirmed by the Chancellor of the Exchequer, Mr Nigel Lawson, in a speech on 23 November; he rejected the alternatives of credit controls and fiscal policy. Mr Lawson also stressed the need for pay restraint and declared his refusal to allow the sterling exchange rate to depreciate in order to absorb excessive pay increases.

Addressing the Council of the Confederation of British Industry in London, the Chancellor began by saying that the Government's dual aim in economic policy remained the reduction in inflation and the achievement of steady, sustained growth.

The past 18 months had seen growth well ahead of its trend in recent years. The most remarkable feature had been the exceptionally rapid rise in investment. The reason why most forecasts for 1988 – both within government and outside – had underestimated growth was almost entirely that they had understated the strength of investment. The Autumn Statement forecast was for a 13·5 per cent increase in business investment in 1988 – the best performance for well over 20 years.

The 'continuing vigour' of the economy, Mr Lawson continued, was due mainly to the transformation in the performance of businesses. The quality of management, the level of productivity, the conduct of industrial relations, the rate of business formation and the quality and scale of investment had 'improved out of all recognition'.

Businesses had – quite rightly – taken full advantage of these developments to improve profits. In every year since 1981 non-oil company profits had grown in excess of the rate of inflation – 'a sustained improvement not equalled for two decades'. The real rate of return on capital employed was also at its highest since the late 1960s.

Improvements to the supply side of the economy meant that Britain was now able to sustain a higher rate of growth than formerly. Nevertheless, it had become clear earlier in the year that the economy was growing at a faster rate than could even now be maintained. Domestic demand had grown particularly rapidly – rising by 4·5 per cent in 1987 and set to increase by 6 per cent in 1988 – whereas the rate of growth in the economy as a whole had risen from 4 per cent to 4·5 per cent.

With the current account of the balance of payments moving into substantial deficit and – more seriously – the rate of inflation edging up, the Chancellor explained that he had raised interest rates so as to slow down the economy – particularly the growth in domestic demand – and to ensure that it remained on a sustainable path in the medium term.

The rise in interest rates would take time to have an effect. The housing market had been the first to be affected; the rate of lending had fallen and the rate of increase in house prices had slowed down.

Mr Lawson rejected the view that there was any alternative to interest rate policy in the fight against inflation. Credit controls would be 'completely unworkable'. Fiscal conditions were already tight. The Budget forecast had been for a public sector debt repayment of some £3,250 million in 1988-89; it was now expected to be about £10,000 million (see pp 376-7). Moreover, the experiences of the 1960s and 1970s had shown fiscal policy to be an inappropriate instrument for short-term demand management. The Government had instead established a medium-term objective for fiscal policy – a balanced budget (see p 137) – although it had justifiably allowed the recent exceptional strength of the economy to feed through into a large budget surplus. This was very different from demand management. Lags meant that tax changes were slower to affect levels of activity than interest rate changes. Also, volatility in tax rates whittled away the supply-side benefits of cuts in those rates.

The control of inflation, the Chancellor declared, was a job for monetary policy – which meant interest rate policy. 'And we shall keep [interest rates] as high as we need, for as long as we need, to do the job.'

There had in the past been criticism that high interest rates hit companies harder than individuals. The position now was different in that, with the household sector a substantial net payer of interest for the first time, it was more acutely affected by a rise in interest rates. For a number of reasons, the company sector as a whole was in a better position than for some years to raise finance for investment. First, because of the excellent profits performance, there was considerable scope for financing investment out of retained profits. Secondly, with the Government now a substantial repayer of debt and no longer making large issues of its own, the way was now clear for companies to issue long-term debt. Thirdly, bank borrowing by companies as a proportion of their equity had fallen markedly in the 1980s. It was therefore clear that the momentum of investment could be sustained.

British companies had recorded substantial improvements in productivity. As a result, even with

high wage increases, unit labour costs in manufacturing had grown by only 1 per cent over the past year. But even this was a higher rate than in most of Britain's main competitors, some of which had achieved a fall in these costs. Mr Lawson was not prepared to accommodate inflationary pressures caused by large pay increases. 'That means that I shall not allow the exchange rate to depreciate to bail out British firms who do not keep their costs under control. And it means that, at home, inflationary pressures arising from pay awards have to be neutralised in the only possible way, through higher interest rates. So the most effective way to lower interest rates is lower pay rises.'

Business Deregulation Initiatives

As part of its broad programme to encourage economic development through wealth creation in Britain, the Government has announced a series of further measures aimed at reducing regulatory constraints on the business community, and given an account of the achievements of the deregulation initiatives of recent years.

The White Paper *Releasing Enterprise*,[1] published on 2 November, is the fourth in a series of policy documents and reports (see pp 272-3, 1985; pp 194-5, 1986; pp 208-9, 1987) which reflect the Government's continuing commitment to loosen the operating constraints placed on business by the existing regulatory framework. It sets out some 80 proposals for future action to build on the 120 achievements of 16 government departments over the 18 months up to November 1989.

Policy Objectives

The White Paper states that the Government's primary economic aim is to increase the wealth of the nation, and that the process of wealth creation is best served 'by freeing people to make the fullest use of their talents to produce the goods and services demanded in the Europe of the twenty-first century'. Progressive deregulation is central to this strategy. The Government wishes to give a greater emphasis to the place of British business in the international community, particularly within Europe, as the single market of 1992 approaches (see p 337). Opportunities will be created to strengthen the force of competition, to liberalise markets and to ensure a business environment as free as possible from excessive regulation. The Government is emphasising that there is a need for an unencumbered market in its negotiations with its Community partners. The performance of the Government itself is also to come under greater scrutiny, as many of the services it provides are transferred to executive agencies (see pp 261-2).

The report announces several new initiatives in deregulation and in the Government's plans to improve the services delivered to business.

Business Shops

Six experimental business shops are being set up; two have already opened in Glasgow and in Merthyr Tydfil and Aberdare, and four others will open in 1989 in Manchester, Doncaster, Reading and Newcastle. The shops will provide a single point of contact for businesses to deal with the requirements of various government departments and agencies. All the shops will have in common the provision of services allowing businesses to register for value added tax and with the Inland Revenue, to get information about Pay-As-You-Earn income tax and National Insurance, and about employment protection and health and safety requirements. In addition, the shops will offer advice on schemes of support offered by the Government and will help businesses link up to private sector business services such as banks and accountants.

Relations with Business

An expanded programme of contact between the Civil Service and the business community is planned. Secondments of one or two years to private firms of government officers will in future not be restricted to economic departments, such as the Treasury and the Department of Trade and Industry, but will involve all of the government service. Departments are drawing up programmes of action to develop and enhance their secondment activities. In addition to these measures, a wide range of schemes exists to involve government and business in each other's work, such as shorter-term secondments and assignments, non-executive directorships for civil servants in firms, and training partnerships.

A rolling programme of annual reviews is announced by the White Paper, whereby each government department is obliged to examine at least one aspect of its work each year to determine if regulations exist which are outdated or unnecessary, with a view to removing them where possible. Among the priorities for deregulatory activity in 1989 are a review, to be conducted by the Securities and Investments Board, of the rules it has made under the Financial Services Act 1986 (see pp 52-4, 1986); a review of the rules governing the issuing of fire certificates and of building control regulations and their enforcement; a review leading to simpler registration procedures under the Data Protection Act 1984 (see pp 44-7, 1984); and the simplification and improvement of planning laws.

Achievements in Deregulation

The report lists achievements in deregulation since May 1987. These include simplified planning zones since November 1987, permitting easier development of land for a wide range of commercial and industrial uses without the need for separate planning applications; simpler controls for health and safety without lowering standards, by replacing 356 outdated regulations; dismantling administrative restrictions on commercial lending to business clients; and relaxing licensing laws for public houses, bars and clubs. In addition, the Housing Bill 1988 (see pp 428-32, 1987) deregulated new residential

[1] *Releasing Enterprise*. Department of Trade and Industry. Cm 512. HMSO, £5·90. ISBN 0 10 105122 0.

lettings by private landlords, thus opening a market for rental properties which previously offered few financial incentives.

Ministerial Statements

In launching the White Paper, the Secretary of State for Trade and Industry, Lord Young, said that the report was not about the policy which sought to remove the regulations needed to protect the environment or to weaken health and safety rules or consumer protection. It was intended to provide better regulation and a better service for enterprise with less paperwork. He drew attention to two particular measures contained in the report: the opening of six experimental government business shops, and an expanded programme of secondments between civil servants and business. He announced the appointment of a new head for the advisory panel on deregulation, drawn from the private sector, and urged business people to contact the Government when they encountered regulations which hindered their operations unnecessarily. Mr John Cope, the Minister of State for Employment, said that the provisions in the White Paper would be of particular benefit to small businesses.

Competition in the Financial Sector

The themes of the increasingly international nature of the market for housing finance and of competition and co-operation in retail banking were developed by the Governor of the Bank of England, Mr Robin Leigh-Pemberton, in two recent speeches.

HOUSING FINANCE

Addressing an international conference on housing finance on 21 November, Mr Leigh-Pemberton focused on the implications for housing finance of deregulation, of greater volatility in markets and of technical change; and on the growing international dimension to housing finance, especially in the context of the 1992 objective for a single internal market within the European Community (see p 337).

The purpose of the Building Societies Act 1986 (see pp 12-14, 1986), Mr Leigh-Pemberton said, had been to remove the disabilities that had prevented building societies from competing effectively in activities reasonably closely related to their mainstream functions of providing finance for house purchase and a secure home for the savings of the public. A mechanism had also been set out for any society wishing to go further, so as to become a more general purpose financial institution. It could do so by incorporating as a company, establishing share capital and obtaining authorisation as a bank.

The other major recent development affecting building societies had been the stock market crash of October 1987 (see pp 368-9, 1987). This had caused a large and continuing revival in retail deposit inflows, showing the extent to which savers and investors were now prepared to switch between financial markets that had previously been regarded as separate. Subsequently the increased flow of savings to finance house purchase had not only sustained housing activity and price levels, but led to excessively rapid growth in consumption and activity in the economy generally. Interest rates had been raised to deal with this, and inevitably a cooling-off in the housing market had become an explicit objective of policy (see p 378).

These recent events had inclined building societies, Mr Leigh-Pemberton said, to commendable caution in their assessment of the likely benefits to be derived from the acquisition of banking status.

As regards the international dimension, the Governor continued, over 5 per cent of net new mortgage lending in 1987 had been provided by some 25 foreign banks. But the present focus of attention was on the European Community's objective of creating a single market in financial services by 1992. Under the Second Banking Co-ordination Directive of the European Commission (see pp 339-40), from 1992 banks and other credit institutions authorised in one Community country would be permitted to operate throughout the Community on the strength of their home country authorisation.

Mr Leigh-Pemberton stressed the need for total clarity of responsibility for prudential supervision and similar tests of capital adequacy; and the importance of markets being opened up in reality as well as in form. There were difficult issues here for some member states, because the absence of real openness was likely to be associated with the existence of rather specialised providers of mortgage finance, using regulated techniques that had the effect of creating a sheltered market. This difficult area might be resolved by the Second Banking Directive or by a more specific Mortgage Credit Directive.

However this particular problem was resolved, the Governor said, there would undoubtedly be a considerable widening of opportunity for entry into the housing finance market of other Community countries, and for a corresponding influx of competition into the British market. But caution should be exercised in exploiting these market opportunities. There was a parallel with the widening of opportunities in domestic markets, including that of conversion to banking status: the fact of creating the opportunity to diversify internationally might in practice be much more important to the health of financial markets than the number of institutions which in the event exploited it, or the extent to which they did so.

RETAIL BANKING

In a lecture to bankers in Bristol, the Governor spoke on competition and co-operation in retail banking. He said that free competition offered immense benefits to the consumer and the banking industry as a whole; but there were areas in which the banks might need to set their short-term ambitions, for product development and market share, against their longer-term interests, notably as participants in a complex payments and credit system. There was a need to co-operate to maintain the fabric of the system and keep the infrastructure up to date, as

well as in sharing information so as to avoid bad credit judgments and outright fraud. Co-operation might be put in jeopardy by the present highly competitive environment.

Competition

In the past, Mr Leigh-Pemberton said, there had not been much competition between the major banks or from outside. This was a product of the framework in which monetary and financial affairs had been conducted. The foreign banks had seldom strayed into domestic business, and the building societies had had a limited and clearly defined role. Consumer credit had not been aggressively marketed, and had in any case been subject to periodic restrictions under the former credit control arrangements (see p 274, 1982). The situation had now changed. The banks had come to see themselves as competitors in an open financial system in which traditional products could be sold by a range of potential suppliers, either separately or in packages (see pp 51-4, 1986). More institutions had been enabled to attain the status of settlement membership in one or other of the payment clearing systems. And after the Building Societies Act 1986 (see pp 12-14, 1986) the societies were moving into money transmission and beginning to provide current accounts on attractive terms.

The banks themselves had been moving into the home loans market and radically changing the ways in which they approached personal customers. Much of the enterprise that had been channelled into international and major corporate business in the 1970s was now focused on the personal and middle-to-small corporate market. For personal customers, the Governor said, and for small businessmen, this was mostly very good news. They could pick and choose in a way that 20 years ago would have been quite out of the question. They could find a complete range of services in a single institution – banking, estate agency, mortgages, unit trusts, securities, insurance – or they could go out and buy each of them separately.

Mr Leigh-Pemberton referred to recent developments such as longer opening hours and automatic teller machines. A driving force behind all the changes was technology. From the customer's point of view it provided access to payments systems at all levels; from the banks' point of view, it enabled services to be provided at small marginal cost; and it released staff to provide a higher level of customer service. But the staff who dealt with customers had to have the resources and be adequately trained to deal with problems and offer effective financial advice. In the midst of all the technology and the modern marketing techniques and the diverse products, the banker had still to have the skill and wisdom to make sound credit judgments, to know the customer, and to give where necessary good, dispassionate advice.

Consumer Credit

As regards credit, Mr Leigh-Pemberton continued, there was undoubtedly a problem when a customer became over-extended. Borrowers had the prime responsibility for managing their finances prudently and for meeting their obligations. But it should also be acknowledged that on occasions the lender might have been prompted by competitive pressures into accepting an application or persuading a marginal borrower to take credit. It was not the duty of every lender to nurse all customers back into financial health if they developed problems; ultimately market discipline had a role to play. But equally the consumer credit industry would be wise to ensure that sound and sympathetic advice was available to those of their borrowers who ended up with debt problems – especially where a number of creditors were involved. And at the stage when loans were first made lenders should protect themselves and the more imprudent of their applicants by making proper inquiries before granting facilities of any kind. The major banks had decided that they could share information on loans where the customers had defaulted, but not on healthy loans. The Governor expressed the hope that the banks and all other lenders would consider whether they could not provide more data, subject to proper safeguards about its confidentiality.

Co-operation

Credit referral arrangements, Mr Leigh-Pemberton said, formed one example of an area of co-operation between institutions. Another vital area was the payments system. It was in everyone's interest to have an efficient mechanism which moved money around the system as fast and securely as possible and with the minimum of handling. The operation of the payments system in Britain was a private sector responsibility, under the umbrella of APACS – the Association for Payment Clearing Services. Under its auspices much unreported work was done by financial institutions working together to ensure that the payments system operated efficiently.

Mr Leigh-Pemberton went on to urge that the co-operation necessary to maintain and develop it in line with the needs of the community should not break down, with competitive pressures causing some to put their own short-term interests, or what they perceived to be their interests, ahead of the development of systems that would benefit everyone. Institutions were right to look carefully at their own interests. But the importance of the payments system was not always fully appreciated by those whose attention was focused on particular products or sectors of the market. Senior management should not allow competition at that level to damage the co-operative structure of the payments mechanism.

Banks could and did co-operate in many other ways, he continued. It was important that co-operation at the practical and technical level, for example in the design of credit cards, should not be impaired by emerging competitive pressures.

The Prospect

The Governor said that competitive pressures were likely to intensify in the retail banking market over the next few years. The building societies were only beginning to explore their new powers, and as the European Commission's 1992 initiative came to fruition foreign banks could be expected to become increasingly involved in at least some segments of the British personal banking market.[1] As technology

[1]For further information, see COI reference paper *Britain's Financial Services: Regulatory Reform*, No 307/88.

replaced much of the traditional work of the branch staff, the networks might increasingly be judged by their success as outlets for standardised and branded banking products, sold at centrally-determined margins and using credit-scoring techniques; and as cross-sellers of insurance and investment products.

Further development in this direction was entailed in the banks' successful tackling of a mass market. But there would also be opportunities for those who took a different approach. Mr Leigh-Pemberton reiterated the role of relationships in banking. It was in the banks' own interests to maintain and foster relationships at all levels of their business. The benefits were not to be measured just in terms of goodwill – though that was important – but could also arise from the ability to control and price risks more efficiently. Banks should see it in their own interests to stand in a relationship of trust with their customers. And they had to co-operate as well as compete if they were to serve the nation as they should.

Employment Policy

The Government has set out its proposals for a new training framework, of which the main feature will be a network of local employer-led training and enterprise councils, in a White Paper published on 5 December. Other measures in the White Paper, also designed to tackle barriers which could hinder employment growth in the 1990s, include a consideration of the future of wages councils and a review of the operation of the pre-entry 'closed shop'.

In a statement in the House of Commons on 5 December (*Hansard*, Vol 143, No 10, cols 25-6), the Secretary of State for Employment, Mr Norman Fowler, said that the theme of the White Paper[1] was the need to tackle barriers which could impede employment growth. He noted that since 1983 nearly 2 million new jobs had been created in Britain and that unemployment had fallen in each of the previous 27 months. One of the main reasons for the long-term fall had been the removal of some of the main obstacles to employment growth, for example, poor industrial relations which had now improved substantially (see pp 274-6) following the Government's reform of trade union law (see pp 377-8, 1987).

Mr Fowler said that the greatest obstacle to employment growth in the 1990s was likely to be lack of skills, and to remedy this 'employers must undertake a massive retraining effort'. The White Paper set out a 'radically new training framework', the key element of which would be the establishment of a network of local employer-led training and enterprise councils, the first of which was expected to be in operation before the end of 1989. Other measures on training would include the creation of a national training task force and consultation with the remaining industrial training boards about the steps needed for them to become independent non-statutory organisations. He concluded by saying that for the 1990s 'success in training is the best guarantee of jobs and continued growth'.

[1] *Employment for the 1990s.* Cm 540. HMSO, £5. ISBN 0 10 105402 5.

WHITE PAPER

Changes in the Labour Market

The White Paper says that during the 1980s Britain had considerable success in creating new jobs and reducing unemployment. Since 1983 employment has risen by nearly 2 million and the economy created as many new jobs as the rest of the European Community combined. Since July 1986 unemployment has fallen by almost 1 million[1] and the unemployment rate is well below the European Community average. Long-term unemployment (those claimants unemployed for a year or more) has fallen by some 450,000 in the last two years and is now below 900,000. The Government's aim is to ensure that progress in reducing unemployment continues. Three main factors will affect employment in the 1990s: demographic changes, global competition and the changing nature of employment.

Demographic Change

The White Paper points out that during the 1990s the labour force will grow much more slowly than in recent years, with the number of people of working age projected to remain at just over 34 million. Between 1987 and 1995 it is likely that the labour force will increase by about 100,000 a year, compared with over 300,000 a year between 1983 and 1987. The most significant change will affect young people in the labour market, where the number aged under 25 is projected to fall by 1·2 million between 1987 and 1995. As a result, there will be a need for greater flexibility among those already in employment and for employers to tap new sources for recruitment.

At present, however, some sources were not being fully harnessed and these could help to meet employers' needs. Two-thirds of the growth in the labour force between 1983 and 1987 was attributed to married women, and by 1995 the projected increase in the size of the female labour force is some 750,000 (over 80 per cent of the total increase). Other sources are ethnic minorities (whose share of the labour market is likely to increase in the 1990s), the unemployed and older workers (where the White Paper indicates a much more flexible approach to retirement may be needed).

Global Competition

Britain is operating in an increasingly competitive international environment and the White Paper mentions two main international developments: the move towards the completion of the single European market in 1992 (see p 337) and the emergence of powerful new economies – and thus new competitors – in South East Asia and elsewhere. To meet this competition, Britain requires a more adaptable workforce, investment in training, and an appropri-

[1] In November 1988 unemployment on a seasonally adjusted basis was 2·1 million, representing 7·5 per cent of the workforce.

ate training system to ensure the provision of relevant skills.

Changing Patterns of Employment

Over two-thirds of employees are engaged in service industries, compared with about half 20 years ago, and the proportion is likely to increase, with the main areas for growth being business and financial services, hotels and catering, distribution, and a range of other services (such as recreation and leisure). Other features are likely to include a continuing growth of jobs in small businesses and of self-employment, and an increase in part-time work, temporary work, sub-contracting and working at home as people increasingly adopt a more flexible working pattern.

Industrial Relations

The White Paper says that poor industrial relations were a major barrier to employment in the 1970s when an average of 13 million working days a year were lost in Britain through industrial action. However, there has been a substantial improvement and the number of days lost through industrial disputes in the last two years was at the lowest level for over ten years, while the number of stoppages has also declined and in each of the past three years was lower than in any other year since 1940 (see pp 274-6). Britain's reputation has been transformed and an independent survey of over 300 overseas-owned firms, published by the Invest in Britain Bureau in 1987, showed that 96 per cent believed that industrial relations in Britain had improved significantly and 70 per cent were planning to increase their investment in Britain (see pp 18-20).

The balance of power between trade unions and employers and between trade unions and union members used to be weighted heavily in favour of the unions, but the Government's 'step-by-step' approach to trade union reform has helped to correct this imbalance. The Employment Act 1988 (see pp 377-8, 1987), which carries the process further, is concerned primarily with trade union members' rights, but it will 'also help to break down barriers to a freer and more responsive labour market'. Government reforms have led to major changes of attitude and the atmosphere of industrial relations is very different from that in the 1970s; 'management has regained the freedom to manage, and the incentive and will to do so'. Trade unions need to recognise that efficiency, profitability and flexibility in working practices are the best guarantees for jobs for their members, and to come to terms with the fact that many employers, especially new businesses, are prepared to recognise and negotiate with unions only on the basis of single-union and no-strike agreements.

One result of the Government's industrial relations reform has been that the coverage of the 'closed shop' (where an employee has to be a trade union member) has been considerably reduced. The Government believes that people should be free to choose whether or not to belong to a trade union and all forms of the closed shop, especially the pre-entry closed shop, 'put unacceptable limits on that freedom'. Accordingly, the Government will be reviewing the operation of the pre-entry closed shop and the steps that employers are taking to remove closed shop arrangements, and it 'will take any further legislative steps that are needed on this or any other aspects of industrial relations which constitute a barrier to employment'.

Many employers already give high priority to promoting employee involvement, while there is growing evidence that financial participation by employees has a positive effect on the performance of those companies which have adopted such schemes. The Government has directly encouraged financial participation by employees through tax reliefs to stimulate employee share ownership and through its privatisation programme (see pp 167-8). Its view is that companies should be free to develop arrangements for staff involvement in ways which suit their own circumstances, and that it would be wrong to impose a particular pattern of consultation. The Government does not agree with the approach being proposed by the European Community (see p 337). 'Community legislation requiring worker representation on the boards of companies or works councils is not the way forward.'

Pay

The White Paper expresses concern about the high level of pay settlements and says that 'moderation of pay is essential for competitiveness and jobs'. In addition, many existing approaches to pay bargaining (such as comparability and cost of living increases) will need to change to ensure the required flexibility. National agreements often give insufficient regard to differences in individual circumstances or performance. Job growth in the 1990s will depend on replacing these outmoded concepts by pay arrangements which are more responsive to local labour market conditions, changes in product markets and technology; differences in performance, merit and skills; continuing profitability; and international competitiveness. However, it notes some 'encouraging signs that change is occurring', including a decline in the proportion of the workforce covered by multi-employer national agreements, from 60 per cent in 1978 to 54 per cent in 1985; a move in many industries away from multi-employer bargaining to negotiations by individual firms; decentralisation of national pay agreements in public corporations (such as the Post Office); and more longer-term deals, providing greater stability and often incorporating changes which improve efficiency and remove restrictive practices.

Further developments are largely in the hands of employers, but the Government can promote developments by setting a sound economic and financial framework and by influencing attitudes on pay. It has an important role as an employer, in encouraging competition (by measures such as privatisation, deregulation and contracting-out of public services by competitive tendering), and in removing statutory obstacles to sensible pay determination. It has taken significant steps in public service pay where about one-third of non-industrial civil servants are covered by new, flexible long-term pay agreements based on the principles of recruitment, retention and motivation (including performance pay), and similar arrangements for other non-industrial civil servants are being discussed.

The Government has abolished or reduced the

impact of a number of legislative and regulatory provisions which created rigidities and inflexibility in pay, including the rigidities imposed by wages councils. There are 26 wages councils covering 2·5 million workers, mainly in retailing, catering and clothing manufacture. Under the Wages Act 1986 (see pp 90-1, 1986), the wages councils were restricted to setting a minimum basic hourly rate of pay, a minimum overtime rate and a limit on the amount an employer could charge for accommodation provided. However, the White Paper says that some employers have become dissatisfied with the operation of the revised system and still see it as inhibiting business development. There is a strong case for further change, especially as economic and social conditions are very different from when the councils were first established in 1909. Accordingly, a consultative document has been produced inviting comments on the Government's view that the time has come for the councils to be abolished.[1]

Existing Training

The White Paper says that a considerable amount of training is already undertaken and a study by the Training Commission of training funding estimated that in 1986-87 employers spent some £18,000 million on training, of which £13,500 million represented pay of trainees and trainers, while in addition spending on government programmes amounted to £3,000 million, mainly on the unemployed and young people. However, in many areas employers are complaining of skill shortages, partly reflecting cuts in training in the recession, so that the supply of trained people in the current recovery has been inadequate. In addition, many reports over a long period have drawn unfavourable comparisons between training and education in Britain and the arrangements of its main competitors. Countries which have done best have developed training and vocational education systems reaching the majority of the population. Several countries, notably the Federal Republic of Germany and the United States, also have more locally based training systems, which are much more likely to be attuned to employers' and individuals' needs than the more inflexible arrangements at national and industry levels.

New Framework for Training and Enterprise

The Government's aim, the White Paper says, is to promote in a new partnership with employers the establishment of a training system capable of contributing much more effectively to Britain's international competitive success, and the new framework will be guided by a number of principles:

1 training and vocational education, including management training and counselling for small firms, must be designed to contribute to business success and economic growth;

2 employers and individuals need to accept a greater share of responsibility for training and its costs, while the Government's role will be in setting a framework and in funding the training of unemployed people;

3 there must be recognised standards of competence relevant to employment covering every sector and occupational group;

4 training must provide people with the opportunity to secure qualifications based on these recognised standards;

5 responsibility for the delivery of training and enterprise must be devolved as far as possible to local areas; and

6 enterprises, individuals and local communities must be able to shape arrangements, programmes and opportunities to meet their changing requirements.

The new framework will operate at three different levels: at national level, where the main task will be to develop and implement policies for promoting training; at industry level, with the main requirement being to set standards and monitor the quality of training provided by employers; and at local level, where the main tasks will be to operate the Government's training programmes for unemployed people and to ensure that employers' training is of the scale and quality required to meet the needs of the local labour market.

Training Agency

The national authority concerned with training promotion and development will be the Training Agency within the Department of Employment which became responsible for delivering the Government's training programmes in September 1988 (see p 342). It will work with employers, the education service, voluntary organisations, training providers and individual trade unions to improve the training system and to help to make education more relevant to employment. In addition, it will take on some of the small firms and enterprise functions of the Department of Employment. Its tasks will be to encourage employers to develop the skills and experience of employees of all ages; to provide and encourage appropriate training for young people when they leave full-time education; to help the long-term unemployed to acquire the skills and experience that will assist them in obtaining regular employment; to help the education system become more relevant to working life and more responsive to changes in the labour market; and to ensure that the needs of the self-employed and of small firms are met. The Government will consider whether the Agency should become an executive agency (see p 94).

National Training Task Force

The Government believes that the involvement of employers in developing a highly trained workforce is vital for Britain's continuing economic prosperity. It has decided to establish a National Training Task Force to advise the Secretary of State for Employment and to assist him in carrying out his training responsibilities in Great Britain. The main role for the task force will be to assist in the establishment of the new local organisations (see p 432), while it will also help to promote to employers the necessity of investment in skills and will undertake studies commissioned by the Secretary of State. It will have up to 12 members, of whom two-thirds will be leading figures in industry and commerce.

[1] *Wages Councils: 1988 Consultation Document.* Available unpriced from the Department of Employment, 93 Ebury Bridge Road, London SW1W 8RE.

Quality and Standards

The White Paper says that a flexible training framework requires a system of nationally recognised qualifications which embody the standards of competence required by employers and allow for maximum mobility. The Government welcomes the progress made by the National Council for Vocational Qualifications since its establishment in 1986 (see pp 232-3, 1986). The Council has already set out the first four levels of a framework of attainment, while by October 1988 some 70 qualifications had been accredited in a wide range of industrial and commercial sectors.

Sector Training Organisations

There is a need, the White Paper continues, to bring all sector training organisations up to the standards achieved by the best, and in this context the Government welcomes the establishment of the National Council of Industry Training Organisations which has this as one of its aims. The seven remaining statutory industrial training boards have recorded a number of achievements, but have failed to raise the standard and quantity of training in their sectors to the level of Britain's international competitors. Accordingly, the Government will look to the boards to put forward plans for moving as quickly as possible to become independent non-statutory training organisations, supported by employers in their sectors.

Skills Training Agency

The Skills Training Agency, part of the Training Agency, operates 60 skillcentres throughout Great Britain which train unemployed people in craft skills, especially in engineering and construction. However, it has experienced financial losses and about a third of skillcentres have excess capacity. The White Paper says that the Skills Training Agency would be in a better position to develop business 'if it were to move into the private sector where it could adopt the best commercial practices'. Accordingly, the Government is taking professional advice on the feasibility of such a move.

Scotland, Wales and Northern Ireland

In Scotland the Government is proposing the transfer of the functions of the Training Agency and of the Scottish Development Agency to a new body, Scottish Enterprise (see pp 433-5). In Wales the future arrangements will reflect the policy in the White Paper, with the Secretary of State for Wales contributing to the formulation of national policy and having responsibility for the Training Agency's operations in Wales. Training arrangements in Northern Ireland differ from those in the rest of Britain and are currently under review following the issue of a consultative document earlier in 1988.[1]

Training and Enterprise Councils

The Government is inviting local groups led by employers to submit proposals for the establishment of training and enterprise councils in England and Wales to contract with the Government for the planning and delivery of training and the promotion of, and support for, the development of small businesses and self-employment within their areas. The councils will have several main functions including assessing skill needs and the adequacy of existing training opportunities; drawing up a plan with measurable objectives for securing quality training and enterprise development that meets both government guarantees and community needs, tailoring national programmes accordingly; and managing training programmes for young people, the unemployed and adults requiring retraining. They will also be responsible for the development and provision of training and other support for small businesses relevant to local needs. They will not normally run the programmes themselves, but will sub-contract training and enterprise activities to local providers, as the Training Agency currently operates.

A national network of some 100 councils and local Scottish agencies is envisaged. The Department of Employment intends to establish the first council before the end of 1989 and expects that the network will evolve over a period of three to four years. At least two-thirds of their members are expected to be employers at top management level from the private sector, while other members will include senior figures from local education, training and economic development and from voluntary bodies and trade unions which support the councils' aims.

The White Paper says that the creation of the councils is a 'radical step' and 'will give leadership of the training system to employers, where it belongs'. Through their participation, it will change the focus of training, and the councils will ensure that training provision is more relevant to employers' needs and so improve the skills and enterprise of the workforce. By promoting training arrangements clearly linked to business success, they will generate more private investment in training.

Training Policy

The White Paper also sets out the Government's policy and main training programmes. Its objectives are to secure for every young person the relevant education and training, leading where appropriate to recognised vocational qualifications and to a job; to encourage the provision for all members of the workforce of access to relevant training throughout their working lives; and to ensure that training and vocational education providers have access to the information they require.

Young People

A major programme of education reform is being implemented in schools with the objective of improving standards of achievement and a national curriculum is being established in England and Wales under the Education Reform Act 1988 (see pp 426-8, 1987[1]). All education authorities in Great Britain are now participating in the Technical and Vocational Education Initiative, which is intended to stimulate the provision of technical and vocational education for those aged 14 to 18, and 48 authorities have started extension programmes to cover all schools and colleges in their area. Some 700

[1] *The Organisation of Training in Northern Ireland: Proposals for the Future.* The Northern Ireland Department of Economic Development has concluded that a new single training organisation should be established, combining the training functions and responsibilities of the department and of the Northern Ireland Training Authority and the eight industrial training boards in Northern Ireland, with provision for a strong industrial and sectoral representation.

[1] This article has been offprinted as COI reference paper No 301/88, *Education Reforms in Britain.*

schools and colleges are covered by pilot and preparatory schemes within the initiative and by the early 1990s all will have the opportunity to participate, and every young person aged 14 to 18 in full-time education will have access to the initiative. Other initiatives include the Enterprise and Education Initiative, established in September 1988 (see pp 351-2), which aims to give every schoolchild work experience and more teachers experience of business; and the Training Agency's Enterprise in Higher Education Initiative, intended for students so that they should be able to acquire competence in business or management. There is also the Government's Work-Related Further Education Programme in England and Wales which is intended to link vocational education more closely with the needs of employers.

Since 1983 over 2 million young people have been trained under the Youth Training Scheme, of whom over 1 million have been trained since it became a two-year programme in 1986. In September 1988 some 435,500 young people were in training on the scheme, the largest number of young people in training ever recorded in Britain. About 74 per cent of people leaving the scheme go into jobs or take up further education or training.

The most recent development in education and training for young people is the 'Compact' initiative inaugurated earlier in 1988 (see p 122), under which employers work with schools to guarantee a job with training for school-leavers aged 16 to 18 who meet agreed personal goals and objectives. The Government is funding 30 local employer organisations to develop and operate compacts, initially for four years.

Training for Employees and the Unemployed

The White Paper says that training for people in employment is relatively undeveloped. The main responsibility for their training must rest with employers, but the Government can help businesses to relate the training and development of their staff to business objectives, and to spread best practice. From spring 1989 the Government is planning the introduction, through the Training Agency, of a new programme, Business Growth through Training, which would unify the help at present given to companies.

The training and enterprise councils would be responsible for implementing Employment Training, 'the largest and most ambitious training programme for unemployed people in the world' (see pp 108-11[1] and 342). It is now available through over 1,000 training managers with 170 training agents advising and assessing potential participants. The Government will look to the councils to involve employers as much as possible so that appropriate training of the right quality is available.

The White Paper says that the Management Charter Initiative, designed and led by industry, is a most important development. It features a code of practice with the emphasis on continuous development of management skills and leadership qualities. The Government wishes to see many more employers subscribe to the principles set out in the charter. Other developments have included the introduction of open, distance and flexible learning, where an increasing number of bodies including the Open College (see p 277, 1986, and p 335, 1987) are engaged in open learning, and the establishment of Career Development Loans intended to help people wishing to take up job-related training and prepared to finance it themselves. An experimental loans scheme launched in 1986 was 'a great success, with more than 80 per cent of trainees finding work immediately after training', and over £2 million has been made available since it became a national scheme in July 1988 (see p 282).

Information Systems

The White Paper refers to a number of developments in the provision of information on training and training places, including the Training Agency's Computer Assisted Local Labour Market Information in which employers have been collaborating to develop a system providing up-to-date information on local labour market developments, skill needs and training provision; the system will be 'a key tool' for the training and enterprise councils. In addition, training access points provide information on education and training opportunities, and there are 28 such networks and 170 accessible public terminals; some 500,000 people have already used them.

Attitudes to Employment

According to the White Paper, there are some 700,000 vacancies in the economy. 'Those who remain unemployed when there are jobs . . . do themselves no service, put an unnecessary burden on the taxpayer and create a barrier to employment growth.' The White Paper says that there is evidence that a significant minority of benefit claimants is not actively looking for work, and refers to the Government's measures to tackle abuse of the social security system (see p 111). By March 1989 arrangements will ensure that all new claimants for benefit are interviewed by senior staff of the Employment Service who will be able to advise them on jobs and give other help to enable them to return to work as well as detecting anyone whose claim is doubtful. All claimants now have to satisfy a comprehensive test of their availability for work every six months. In addition, the Government has decided that the law should be amended to require claimants to take more positive steps to find employment and a Bill is to be introduced so that claimants, as well as being capable of, and available for, work, must also actively seek work.

[1]This article has been offprinted as COI reference paper No 308/88, *Training for Employment: Britain's New Programme.*

Training and Enterprise in Scotland

A new body, Scottish Enterprise, incorporating the functions of the Scottish Development Agency and the Training Agency in Scotland, which would provide training and promote enterprise through a network of employer-led local agencies, has been proposed in a White Paper, published on 6 December.

In a statement to the House of Commons (*Hansard,* Vol 143, No 11, cols 187-201), the Secretary of State for Scotland, Mr Malcolm Rifkind, said that the proposals to integrate the Government's support for training and enterprise creation would further strengthen the Scottish economy to meet the challenges of the 1990s, in particular those of the single European market in 1992 and the prospect of skill shortages. Enterprise creation and the growth of the existing businesses were closely bound up with developing the skills of the workforce, and skills of the highest order would be needed at every level. Industry was now prospering and able to shoulder its full responsibility for investing in the skills of its workforce. He hoped that the proposals would enable employers to rediscover a sense of ownership of the system of training and enterprise. Local agencies would offer a 'one-door' approach to employers and the wider community and would enable provision to be more closely attuned to the needs of the local labour market. Mr Rifkind said that for the first time training in Scotland would be delivered through a Scottish body, answerable to, and provided with its resources by, the Secretary of State for Scotland.

The White Paper

The White Paper[1] says that the Scottish economy has been transformed over the past decade, and the roles of both the Scottish Development Agency (which was established in 1975 to develop the economy and improve the environment in Scotland) and the Training Agency (formerly the Manpower Services Commission) have changed as the economic scene has shifted. To meet the challenges of the single European market in 1992 (see p 337), to avoid skill shortages and make full use of all those available for work, Scotland must have a flexible and sophisticated training system. The Government therefore proposes to bring training, enterprise functions and environmental improvement activities currently administered by the Scottish Development Agency and the Training Agency into a new agency to be known as Scottish Enterprise. Its main function would be to contract with a network of employer-led local agencies throughout Scotland. These would be responsible for assessing the needs of their local labour markets, before arranging for the provision of training and business support. The White Paper says that the ultimate objective of the proposals is the creation of a dynamic self-sustaining Scottish economy in which investment and training are led and financed by the private sector.

Scottish Enterprise

The role of Scottish Enterprise would be to stimulate self-sustaining economic development and the growth of enterprise, to further the improvement of the environment, to encourage the creation of viable jobs and the reduction of unemployment, and to improve and keep up to date the skills of the Scottish workforce. Its specific functions would be to consider strategic issues relating to enterprise, economic regeneration and training in Scotland; to ensure, through contracts and performance monitoring, that the responsible local agencies deliver provision in their areas; and to discharge those functions at present carried out by the Training Agency and the Scottish Development Agency which are not devolved to local agencies. Scottish Enterprise would have a board of ten members, appointed by the Secretary of State for Scotland, at least six of whom would have a business or industry background.

Local Agencies

The functions of the local employer-led agencies would include: analysing the needs of the local labour market; designing and adapting training arrangements and business development services to meet those needs; appointing by competitive tender subcontractors to deliver training locally, and monitoring their performance; encouraging employers to bear an increasing share of the costs of training programmes; and providing advice and support for business. Two-thirds or more of an agency's board of management should be drawn from the senior ranks of private sector business. A performance-based contract between Scottish Enterprise and the local agency would be drawn up for a three-year period, arranging the provision of training and enterprise services in the area. The White Paper proposes that the size of the network should be no greater than 20 to 25 agencies.

Highlands and Islands

The White Paper says that the same principles outlined for Scottish Enterprise and the local agencies should apply in the Highlands and Islands. The Highlands and Islands Development Board (HIDB) was set up in 1965 with the broad aim of improving economic and social conditions in the Highlands and Islands. The Government recognises the value of the distinctive contribution made by the HIDB to the regeneration of the north of Scotland, and takes the view that any future arrangements should build on success to date. It proposes three options: to set up a new body, Highland Enterprise, incorporating the functions of the Training Agency and the HIDB; to retain the HIDB in its present form while inviting Scottish Enterprise to make training contracts with local agencies; or for the HIDB to continue with its present functions, while contracting as a local agency with Scottish Enterprise to take on the arrangement of training provision.

Funding and Relations with Government

The Secretary of State for Scotland would be responsible for the operation of Scottish Enterprise and the arrangements in the Highlands and Islands. He would set their policy and financial framework (in consultation with the Secretary of State for Employment regarding general training policy), approve their annual plans, monitor their performance and provide the necessary resources. Scottish Enterprise could expect to receive the level of funding which would otherwise have been provided for the Scottish Development Agency and for training programmes in its area; the equivalent resources for the Highlands and Islands would be those granted to the HIDB and for training programmes in the north of Scotland. In 1988-89 this would amount to

[1] *Scottish Enterprise: A New Approach to Training and Enterprise Creation.* Cm 534. HMSO, £5. ISBN 0 10 105342 8.

some £500 million for Scottish Enterprise and £50 million for the Highlands and Islands.

The White Paper invites comments on the proposals by 31 March 1989. Following consideration of comments received, the Government will review the position and decide how to proceed. While legislation would be necessary to recast the functions of the Scottish Development Agency in Scotland together with the powers of the Training Agency in Scotland, a phased introduction of the proposals without legislation would be feasible.

Safety on the London Underground

The Government has announced a series of measures to improve safety on the London Underground in response to a report on a major fire at King's Cross Underground station on 18 November 1987.

Report of the Investigation

The investigation into the fire, which led to 31 deaths and resulted in many people being injured, was set up by the Secretary of State for Transport to examine the causes and the surrounding circumstances. The report of the inspector, Mr Desmond Fennell QC, was published on 10 November and contains 157 recommendations.[1]

Mr Fennell concludes that the fire, which started on a wooden escalator between the ticket hall and the Piccadilly Line, was caused by a lighted match which fell through a gap beside the escalator treads and ignited an accumulation of grease and detritus (dust, fibre and debris) on the escalator tracks. The fire beneath the escalator spread to the wooden escalator components and was then transformed into a 'flashover' which erupted into the ticket hall.

In his analysis, Mr Fennell is critical of a number of aspects of safety on the Underground. Noting that London Regional Transport (LRT) had believed that all operational matters on the Underground were a matter for its operating company London Underground Ltd, he says that, while financial matters were strictly monitored by LRT, safety was not. In addition, the management of London Underground's belief that 'fires were inevitable on the oldest and most extensive Underground system in the world' meant, in the inspector's view, that 'they were fundamentally in error in their approach'. Until the King's Cross fire there had been no deaths caused by escalator fires and this had created a false sense of security. London Underground had not given sufficient priority to passenger safety at stations, and the inspector believes that this arose because no-one was charged with overall responsibility for safety. There was a belief that, with passengers and staff acting as fire detectors, there would be sufficient time to evacuate passengers safely. However, there was no system to train staff in fire drill or evacuation, and the attitude towards fire gave the staff a false sense of security, while there was a failure to appreciate the particular problems of smoke. Accordingly, he recommends a managed safety programme which will enable hazards to be identified and eliminated, and a safety audit.

Mr Fennell says that 'it was clear that there was no efficient control by London Underground supervisors or staff at any time before the disaster occurred' and the response of the staff was 'uncoordinated, haphazard and untrained'. London Underground now recognises the need for better training. However, 'a cultural change in the management is required', and he calls for clear accountability for job performance, an open approach to the exchange of information and an injection of outside expertise. Mr Fennell also considers the Underground's communications systems, and he makes a number of criticisms of the arrangements at the control room at King's Cross.

Mr Fennell also examines the role of the Railway Inspectorate (which deals with railway safety) and concludes that it misunderstood its responsibilities under the Health and Safety at Work etc. Act 1974. Its relationship with London Underground was too informal and there was no proper liaison with the London Fire Brigade on their respective interests in safety on the Underground.

The report considers a range of other matters such as fire certification and finance, where Mr Fennell says that there is no evidence that the overall level of subsidy to LRT was inadequate to finance necessary safety-related spending and to maintain safety standards.

Recommendations

The recommendations range from physical measures, such as the replacement of wooden skirting boards and balustrade, decking and advertising panels of all escalators by metal by July 1989, to organisational changes such as better training. Among the recommendations designated as most important are:

— the maintenance by London Underground of a formal system of health and safety monitoring at all levels of management;

— the establishment of a system of safety audit for London Underground operations;

— clarification of the law on fire certification as it relates to Underground stations;

— a more vigorous approach by the Railway Inspectorate, which should be brought up to its staff complement;

— a review of escalator design to allow easier and more effective cleaning;

— regular examination by London Underground of fire equipment, ensuring that defects are reported and remedied immediately;

— the continuation of annual inspections by the London Fire Brigade of Underground stations and tunnels, with unsatisfactory features being remedied and reported on within six weeks;

— adequate staffing for station operations rooms;

[1] *Investigation into the King's Cross Underground Fire.* Cm 499. Department of Transport. HMSO, £19·50. ISBN 0 10 104992 7.

— improvement in the quality and scope of public address equipment, which should cover a wider area of stations;

— a review by London Underground of its proposals for the working of its new ticketing system; and

— regular reports by London Underground and by LRT to the Secretary of State for Transport on the implementation of the recommendations.

Government Response

In a statement in the House of Commons on 10 November (*Hansard*, Vol 140, No 215, cols 496-7), the Secretary of State for Transport, Mr Paul Channon, said that many of the recommendations required specific action by London Underground to prevent a recurrence of such an event and he had asked LRT to have all these dealt with promptly. Considerable expenditure would be involved and public expenditure plans envisaged some £266 million being spent on Underground safety over the next three years.

Mr Channon said that the investigation had shown 'major shortcomings, requiring a new approach to safety management and fire prevention in the Underground, and specific safety audits by LRT'. He was asking both bodies to implement urgently the new arrangements as recommended by the inspector. An enhanced approach was also required from the Railway Inspectorate, which he hoped would be fully staffed by the end of January 1989. The Chief Inspecting Officer of Railways was organising a special investigation of the Underground, with support from the Health and Safety Executive. It would examine the safety management systems and monitor the implementation of planned safety measures, and would be completed in March 1989. The Home Secretary would bring forward shortly regulations requiring specific measures at Underground stations; this was 'the speediest means to introduce enforceable standards without uncertainty'.

Mr Channon said that there were also lessons on safety for other operators and he had written to the chairmen of British Rail and the passenger transport authorities in Tyne and Wear and in Strathclyde (which operated rail systems underground). In addition, the implications for the emergency services would be discussed with the appropriate bodies.

Shorter Notes

BRITISH SHIPBUILDERS

The sale of the remaining elements of British Shipbuilders in Government ownership is proceeding, although no acceptable offer to buy the shipyard at Sunderland has been received, and it will be shut down progressively as the present order book runs out.

The Minister of Trade and Industry, Mr Tony Newton, told the House of Commons on 14 November and on 7 December that the shipyard at Govan had been successfully sold in August to the Norwegian group Kvaerner Industrier (see pp 179-80) which was developing its advanced gas ship technology there. The Clark Kincaid marine engine builders firm on the Clyde was likely to be acquired in a management-led buyout. The sale of the Appledore shipyard in North Devon to Langham Industries was close to agreement. Ailsa Perth Limited was the preferred bidder for the Ferguson shipyard at Port Glasgow. The services subsidiary, Marine Design Consultants at Sunderland and Dundee, had a preferred bidder in a team led by its managing director. These shipbuilding firms accounted for five of the six concerns comprising British Shipbuilders, and employed two-thirds of its total workforce.

The remaining shipyard, North East Shipbuilders Ltd, at Sunderland, had attracted several offers of purchase, but none which had satisfied the criteria set out by the Government for the firm to operate as a viable enterprise in the future. None of the offers could assure sufficient financial support for the shipyard's continued existence or sufficient work for the future. Large subsidies, said Mr Newton, were not a realistic means of ensuring the continued existence of the shipyard at Sunderland.

Mr Newton set out a range of measures which were designed to help alleviate the economic difficulties which closure of the Sunderland shipyard would create, by assisting the development of alternative sources of employment. A new enterprise zone – an area where the setting up of new firms is encouraged by a range of incentives such as relief from commercial and industrial rates, and a simplified and streamlined planning approval process – was to be established in the area: English Estates was to commence work immediately on over £7 million in advance factory space locally, and a further £10 million was to be made available over the next three years for schemes to encourage economic growth in the town. The total cost of these measures would be some £45 million.

Sources: *Hansard*, Vol 140, No 217, col 745, and Vol 143, No 12, cols 315-16.

BRITISH STEEL SHARE FLOTATION

The sale of the Government's 2,000 million shares in British Steel, which concludes the process of returning the company to private sector ownership (see pp 111-12 and pp 276-7), closed on 2 December. The share price of 125p had been announced on 23 November, and the company's shares began trading on 5 December.

Some 650,000 individual investors and employees of British Steel applied for shares. The number of shares applied for was, at over 1,500 million, more than three times the number initially set aside for them. 'Clawback' provisions in the original arrangements for the allocation of shares were activated, reducing the number of shares available to British institutions and foreign investors. This made it possible for some 500,000 people who

applied for up to 1,000 shares to receive their full allocation. For those applying for more than 1,000 shares and fewer than 25,000, the larger the number of shares requested, the smaller the percentage allocated. Those bidding for 25,000 or more shares received 30 per cent of their applications.

Forty-two per cent of the total shares available were placed with individual investors and employees of British Steel, while British institutional investors received 33 per cent. Overseas investors were allocated 25 per cent, split between the United States (9 per cent), Japan (8 per cent), continental Europe (6 per cent), and Canada (2 per cent).

Source: The British Steel Share Information Office press notice, 4.12.88.

GOVERNMENT GRANTS FOR AGRICULTURE

Improved government grants worth up to £50 million over the next three years to help farmers to control pollution have been announced by the Minister of Agriculture, Fisheries and Food, Mr John MacGregor. Three new conservation grants will also be introduced and the agricultural improvement scheme [begun in 1985 with both government and European Community funding, and including requirements to improve farm structures and income, and to restrict production where necessary] is to be discontinued.

Mr MacGregor referred to the many important changes in agricultural policy since 1985, including measures to assist farmers to conserve the countryside and control pollution (see pp 102-4, 413-15, and 419-20, 1987, and pp 67 and 240), and progress in dealing with surpluses under the Common Agricultural Policy (see pp 99-100 and 205). Capital grants, he said, could more closely reflect these priorities.

The Government therefore proposed to introduce a farm and conservation grants scheme in 1989, subject to agreement on its provisions with the European Commission. Significantly improved grants would enable lowland farmers to install facilities for the storage, treatment and disposal of slurry and silage effluent. Fixed disposal piping and safety fencing would also be covered by the grants. The three new conservation grants would encourage the regeneration of native woodlands and of heather moors, and the repair of traditional farm buildings. Certain existing grants, the Minister continued, which had helped to stimulate production, were now inappropriate: those for new farm buildings and roads, for example, would be discontinued. Those for the upkeep of good grazing land and for the replacement of heated glasshouses, however, would remain, the latter until the end of 1993, along with grants for orchard replanting and for growers in the Isles of Scilly. Grants for agricultural waste disposal in Northern Ireland would also be exempt.

The measures, said Mr MacGregor, 'with their increased emphasis on pollution and conservation, should reflect the fact that these are priority areas . . . in both the lowlands and in the Less Favoured Areas. I plan therefore to lower the differential for most grants to 10 per cent'.

Sources: *Hansard*, Vol 142, No 5, written answers, cols 100-1; Ministry of Agriculture, Fisheries and Food press notice, 28.11.88.

EUREKA PROJECT

On 28 November the Minister of Trade and Industry, Mr Tony Newton, announced support from the Department of Trade and Industry (DTI) for a project to develop two unmanned underwater robots. The project is under the pan-European Eureka framework (see p 246), and also part of the DTI's Advanced Robotics Programme. It will be in four phases over five or six years and involve collaboration between British and Italian organisations, and equal British and Italian contributions to a total cost of £35 million. The DTI is contributing £797,000 to the first phase, a 15-month definition study which will draw up detailed blueprints for the underwater vehicles.

The Italian based organisations (and one Danish organisation) will work towards a tethered, semi-autonomous work and inspection robot for cleaning, inspection and maintenance of underwater structures. The British team aims at developing a more flexible vehicle, able to carry out both continental shelf and deep ocean work and to perform a wide range of operations such as geological site surveys, seabed investigations and the collection of scientific data. The task of the British team is to produce a robot capable of diving to depths of 6,000 m (20,000 ft) for up to ten days at a time, without the need for an accompanying surface vessel – a combination of abilities that has not yet been reached by the current generation of submersibles.

Commenting on the project, Mr Newton said, 'British industry is sometimes criticised for taking a short-term view on research and development. But here we have proof that our companies are prepared to look ahead and to create new markets by investing in the future.'

Source: Department of Trade and Industry press notice, 28.11.88.

BRITISH ANTARCTIC SURVEY

The Secretary of State for Education and Science, Mr Kenneth Baker, announced on 8 November that the British Antarctic Survey would receive an extra £23 million during the next three years. These funds, part of an additional £306 million towards Britain's science budget overall, will support the Survey's important work in monitoring the hole in the earth's ozone layer (see p 438), and extend the range of its work in geology and geophysics.

The British Antarctic Survey, which is part of the Natural Environment Research Council, undertakes scientific research, mainly in the British Antarctic Territory but also in South Georgia and the South

Sandwich Islands, into meteorology, geophysics, glaceology and biology. It owns and operates two research vessels, four aircraft, and five permanent Antarctic and sub-Antarctic stations. The Survey currently employs 405 staff, 62 of whom are stationed in the Antarctic, and its total budget allocation for 1988-89 is £24·3 million.

Part of the additional allocation will be used to build a gravel airstrip to replace the present ice skiway at the Survey's air base at Rothera Station. This will increase both the range of weather conditions within which its four Twin Otter aircraft can operate safely, and the size of aircraft that can use the runway. Another, larger aircraft is to be purchased, which will greatly extend the range of the Survey's geological field survey parties within the British Antarctic Territory. There will also be additional expenditure on the rebuilding of the Survey's Halley Station, which is the main centre for continuing its important study of the hole that develops in the earth's ozone layer over Antarctica during the region's spring; the Survey's scientists were the first to discover this hole over the Antarctic in 1985.

Source: Department of Education and Science press notice, 8.11.88.

INTERNATIONAL CONFERENCE ON THE OZONE LAYER

A major international conference on the ozone layer, to be hosted by Britain in London in March 1989, was announced in the House of Commons on 23 November by the Secretary of State for the Environment, Mr Nicholas Ridley. The Prime Minister will participate in the conference, which is to be held in association with the United Nations Environment Programme. Ministers from developed and developing countries, and representatives from world industry and international organisations will be invited.

Mr Ridley said that a clear commitment was needed from all world governments, including those which had not yet signed the Montreal Protocol on Substances that Deplete the Ozone Layer (see p 247), if further damage was to be prevented. He wanted the conference to show that industry had already developed, and was developing, new products and processes that would enable all countries to reduce the use of chlorofluorocarbons (CFCs) quickly. Further action was essential not only to protect the ozone layer but also because CFCs were powerful 'greenhouse' gases which contributed to the risk of global warming and consequent climate change.

As a result of the latest scientific evidence, Britain is calling for worldwide emissions of CFCs to be reduced by at least 85 per cent (see p 350). The Montreal Protocol, which provides for the production and consumption of CFCs to be reduced by 50 per cent in three stages by 1999, is due to come into force on 1 January 1989. The first meeting to begin the formal process of reviewing the Protocol will be held in Finland in April 1989. Britain has offered to host the second meeting, in April 1990, when the Government hopes that the further reductions it is seeking will be agreed. The British aerosol industry has announced its intention of phasing out CFC use in non-essential aerosols by the end of 1989.

Source: *Hansard*, Vol 142, No 2, written answers, cols 5-6; Department of the Environment press notice, 23.11.88.

Further Measures to Control AIDS and Drug Misuse

Action to control the spread of AIDS has continued throughout 1988 (see pp 76-7) in accordance with the Government's fourfold strategy of infection control and surveillance, public health education, research, and the development of services for people who are infected. Recent measures have included two new public education campaigns, the introduction of anonymous and named screening for HIV infection, increased funding for research, social services and voluntary organisations, and the control of do-it-yourself HIV testing kits.

Latest Figures

The number of AIDS cases reported has continued to rise, from 1730 cases to 1926 cases between August and December; over the same period the number of deaths has risen from 949 to 1035. Because of the nature of the reporting system, the number of cases reported each month does not accurately reflect the number of cases of AIDS diagnosed during the period. Furthermore, it should be noted that in view of the long interval between infection with HIV and the development of AIDS – the incubation period is generally eight years – the trends of AIDS cases and deaths and their distribution between risk groups are not indicators of the current progress of the spread of HIV infection.

A recent report commissioned by the Government (see p 447) has concluded that between 10,000 and 30,000 AIDS cases are likely to be diagnosed between 1987 and 1992 and that by the end of 1992 between 7,500 and 17,000 people are expected to have died from AIDS.

Monitoring the Spread of Infection

Two new Government steps to monitor the spread of HIV infection were announced by the Secretary of State for Health, Mr Kenneth Clarke, on 23 November. These are anonymous and named screening for HIV.

Anonymous screening is the testing, under conditions of total anonymity, for HIV infection of blood from patients who have voluntarily given it for other tests, but who have not specifically consented to an HIV test. Before any of the blood taken is tested for HIV, identifying details are removed from the blood sample so as to render the test wholly anonymous. Mr Clarke explained that the balance of scientific opinion strongly favoured such testing as the best way to obtain information about the overall prevalence of HIV infection by age and sex in the various parts of the country, and the rate at which it was spreading in the population at large.

As regards named screening, Mr Clarke said that antenatal and other named testing studies would begin in Dundee and Edinburgh on 1 December. Such studies would play an important role in identifying how far the infection has spread beyond the at-risk groups (homosexual and bisexual men, drug misusers, prostitutes and their clients, and those who attend clinics dealing with sexually transmitted diseases). They were extremely important because of the higher prevalence of HIV in drug abusers in Scotland. The Government, Mr Clarke explained, accepted in principle the case for a programme of named studies in England as recommended in the Smith Report (see p 216), but believed that many important matters of detail as to scale and groups to be tested needed to be determined. He emphasised that it was essential that patients in these tests were volunteers who had been advised fully before the test and would, if they wished, be told the results afterwards. The Government was inviting the Medical Research Council to bring forward proposals within three months both for a programme of anonymous screening for HIV infection and on the named screening tests. Further named studies would enable comparisons to be made of the results of surveys based on anonymous testing and on named testing.

Mr Clarke also stated that £1·7 million had been made available to the Medical Research Council in 1989-90 for research into the spread of HIV infection and AIDS, including work on epidemiological studies of particular groups and improvements to the collection and collation of data.

Public Education Campaigns

In November there were two further government initiatives designed to reinforce previous public awareness campaigns on the dangers to health and society from AIDS and drug misuse (see p 303, 1987).

A new government anti-drug campaign aimed at young people is being organised by the Department of Health in conjunction with the Scottish and Welsh Offices. The £2 million campaign features two television commercials to be screened on national television immediately and until February 1989, together with posters and advertisements in the youth press.

Speaking at the launch of the campaign, the Parliamentary Under-Secretary for Health, Mrs Edwina Currie, emphasised that while the Government continued to build on the success of its previous anti-drug campaigns, it had become seriously concerned about young people in the 16-25 age group who were occasional injectors of amphetamines and pharmaceutical drugs, and non-users who might be tempted to experiment by injecting drugs. All were at risk of contracting AIDS, hepatitis, septicaemia, and other killer diseases through the practice of sharing needles and syringes.

The campaign aimed to emphasise this risk, above all to those young people who might not consider themselves to be 'drug misusers' or 'junkies'. The message being emphasised was: 'We want to warn young people who might be tempted to experiment that injecting any drug is very dangerous and that sharing a needle and syringe even just once, even with friends, is one of the most efficient ways possible of putting a killer straight into the bloodstream'. The Government firmly believed that its anti-injection message was a powerful reinforcement to its wider anti-drug campaign whose further purpose was to prevent the drugs situation of many other countries from establishing itself in Britain.

Mrs Currie also announced details of grants totalling over £600,000 from the Department of Health to six voluntary organisations working in the drug misuse field. The grants are to help with the costs of these organisations' nationwide activities for the current year.

On 29 November the Health Education Authority announced details of the third stage of its mass media anti-AIDS advertising campaign which was designed to 'dovetail' with the programme announced by Mrs Currie on 21 November. The purpose of the press campaign, which would also publicise a 'Charter' signed by prominent media personalities, was a long and sustained campaign of public education to clarify the subjects of AIDS and HIV infection, and the relationship between the two. The chief message would be that AIDS and HIV infection is now a problem which everyone should be aware of, especially because of the long incubation period of HIV.

It was also intended to establish a climate of opinion in which the subject could be discussed rationally, and to ensure that people with AIDS were treated with care and sympathy. The intention was to provide authoritative information on a sustained basis, directed specifically at homosexuals and young people, especially young women.

Additional Funding

From April 1989, the Government proposes that expenditure on social services for people with AIDS and HIV-related conditions in selected local authorities will be supported by a specific grant paid at 70 per cent of total expenditure, up to a maximum of £7 million in grant. The grant will be available to support the full range of personal social services.

The £1,800 million boost for the Health Service in England in 1989-90, announced in November, will include an extra £68 million for the prevention, care, and treatment of AIDS, thus doubling the existing provision. Over half a million pounds is to be given to two voluntary organisations helping AIDS patients: £400,000 to the Terrence Higgins Trust, especially for its health education work with drug users and homosexual and bisexual men, and its counselling and support services for people with AIDS and HIV infection. The second grant of £170,000 has been approved for London Lighthouse which, officially opened at the end of November, will provide a comprehensive range of support services for people with HIV infection.

Further Government support for research and monitoring was announced on 10 November in the House of Commons (*Hansard*, Vol 140, No 215, cols 253-4), when Mr Kenneth Baker, the Secretary of State for Education and Science, announced that the Government was to spend a further £16·5 million over two years on developing drugs and vaccines for the fight against AIDS. The money will be spent in 1990-91 and 1991-92 through the Medical Research Council.

On 1 December 1988 the Minister for Health, Mr David Mellor, announced that the Government would be making up to £14 million available to health authorities in England to develop local community-based initiatives aimed at preventing the spread of AIDS infection among particular target groups. Funds would be made available immediately to enable staff to be recruited or redeployed at regional level to begin the necessary planning for such schemes.

Control of HIV Testing Kits

On 12 October the Minister for Health, Mr David Mellor, announced that the Government proposed to seek powers to control the advertising and sale of do-it-yourself HIV testing kits to the public, and to control services offering such tests: 'Technological developments mean that we are now approaching the time when kits could be produced to allow unqualified individuals to test themselves or others for this lethal virus'. He emphasised that the Government believed it 'essential that HIV testing should take place only under the authority of a registered medical practitioner, so that necessary counselling can be given and confirmatory tests carried out before any individual is told he or she is HIV positive'. An additional clause relating to restrictions and controls over such kits was therefore added to the Health and Medicines Bill which received the Royal Assent in November (see p 402).

Student Loans

Details of government proposals for the introduction of student loans with effect from autumn 1990 are set out in a White Paper published on 9 November. Their purpose is to share the cost of student maintenance more equitably between students, their parents and the taxpayer, and to increase economic awareness and self-reliance among students.

Introducing the White Paper[1] in the House of Commons on 9 November (*Hansard*, Vol 140, No 214, cols 305-21), the Secretary of State for Education and Science, Mr Kenneth Baker, said that, following a government review of the question of student support, the Government believed that the cost of student maintenance should be shared more equitably between students themselves, their parents and the taxpayer. It proposed, therefore, that from 1990, in addition to their grant, all home students in full-time higher education, except postgraduates, would be eligible for a top-up loan averaging over £400 in a full year.

Under the proposals, the facility would not be means-tested or bear a commercial rate of interest, and the principal to be repaid would be uprated annually in line with inflation. Students would be able to take up as much or as little of it as they wished. The present grant arrangements would continue, but the overall levels of grant would be frozen in cash terms at their 1990 levels. As the grant also incorporated in most cases a parental contribution, over time the average parent would be paying less in real terms. From 1990, students' total resources in grant and top-up loan would continue to be reviewed annually. The Government also intended establishing three Access Funds – for postgraduates, other students in higher education, and students in further education – each of £5 million, to provide support on a discretionary basis to students in special financial need.

As announced in 1985, the Government proposed to end the general eligibility of students for social security benefits[2] whether or not they qualified for top-up loans. Benefits would however continue to be available for students who were disabled or single parents, and for students' dependants. In the Government's view, the top-up loan scheme would be best administered by the financial institutions. 'These proposals', said Mr Baker, 'represent an important step away from the dependency culture. Students will have a financial stake in their own future, and this will encourage greater economic awareness and self reliance'.

White Paper

The White Paper analyses previous and current practices for student support by means of grants from public funds, contributions from students' parents or spouses, or from students' own income. Since 1962, when the present system was introduced, expenditure on grants has increased substantially (at constant prices, total expenditure on student maintenance rose from £253 million in 1962-63 to £829 million in 1987-88) but has not kept pace with the increase in student numbers. The result has been a fall in the real value of the grant to the individual student.

Successive governments have concluded that the contribution of taxpayers and ratepayers to students' living expenses could not be sustained at the 1962 level in view of other pressures on public expenditure. In the meantime, the burden of the parental contribution has become heavier. The Government concludes, therefore, that a system in which students rely on just two main sources of support – parents and grants from public funds – is unsustainable.

The present system of student support has accompanied a great increase in educational opportunity since the early 1960s. But the Government does not believe that the same system can promote the further increase in the participation rate that is needed in the next decade, in view of the constraints on the two existing sources of funding. Moreover, as the number of school-leavers falls, there will need to be a more diverse range of entrants into higher education. The addition of a loan to the present sources of student support will provide the necessary flexibility.

It has also been found that in recent years social security benefits have grown to form an increasingly important part of some students' budgets. The Government believes that student dependence on benefits is inappropriate and undesirable since the benefits system is intended to serve social and not educational purposes.

The proposals for student top-up loans are intended to share the cost of student maintenance more equitably between students themselves, their parents and the taxpayer. It is envisaged that the proposals will increase the resources available to students, at the same time reducing both parental contribution to student grants and direct public expenditure on grants. It is intended to reduce students' dependency by removing them from the social security benefits system and thereby to increase student self-reliance and economic awareness.

Value of Loan Facility

The Government proposes that the loan facility, like the maintenance grant, should be available at three levels, according to whether the student is living in term in the parental home, away from home in London, or away from home outside London. The loan facility is intended to provide support throughout the year, at a level which will make it unnecessary for students to look for supplementary support from the social security system. It is not intended to cover the long vacation that follows the end of the course, when the graduate is available for work and eligible for benefits in appropriate cases. The cash value of the loan facility will be settled nearer to the introduction of the new regime, but it is envisaged that from the academic year 1990-91 a loan facility at nil real interest would average £420 in a full year for a student living 'elsewhere' (away from home outside London) and £310 in a student's final year.

Parental Contribution

When the loan facility is introduced in 1990, the levels of both grant and parental contribution will be unaffected. Some students may choose to use the loan facility to minimise reliance on parental support. As the real value of the loan increases, parental contributions are likely to be reduced.

[1] *Top-up Loans for Students*. Cm 520. Department of Education and Science. HMSO, £9. ISBN 0 10 105202 2.

[2] The Government's intentions over ending students' entitlement to social security benefits were set out in the White Paper, *Reform of Social Security: Programme for Action*, Cmnd 9691, 1985 (see pp 23-5, 1986).

Interest

The Government proposes that the loan should be provided at a real interest rate of zero. This would be achieved by revaluing the outstanding debt annually in line with the retail prices index and current rates of annual inflation.

Repayments

The liability to start repayments would not immediately follow graduation but begin nine months later in the April following the end of the period of study. At present, four schemes for repayment of loans are envisaged, but the Government proposes that repayments should be responsive to individuals' economic circumstances, so that repayment of the loan will be deferred when a graduate's income is low and will not begin until that income is at least 85 per cent of the national average income. Repayments will be individually calculated on the basis of personal earnings. A spouse's income will not be taken into account. Furthermore, a man or woman who interrupts a career while raising children will make no repayments during that period, until income rises above the repayment threshold on return to employment.

Access Funds

It is intended to establish three Access Funds each of £5 million a year to provide additional support to home students in the form of discretionary bursaries. These will be available in cases where access to higher education might be inhibited by financial considerations or real financial difficulties. The funds would be administered by the higher and further education institutions themselves, which would be responsible for applying criteria to their own students, assessing individual circumstances and making the payments.

Social Security Benefits

These arrangements will make it possible to implement the Government's long-standing commitment to removing full-time students from dependency on social security benefits. When the top-up loans scheme is introduced, students will no longer be entitled to claim income support, unemployment benefit or housing benefit, but their entitlement to other social security benefits will not be affected. These include refunds for medical or dental charges, and child benefit. Single parent or disabled students will continue to be eligible for income support and housing benefit. Partners of students will not be affected by the provisions restricting benefits to students.

Conclusion

The Government, the White Paper concludes, is convinced that the availability of a loan facility to top up the maintenance grant will provide a valuable extension of the sources of support available to students. It will support the broadening of participation in higher education, at the same time leading to a more equitable division of the cost of student maintenance.

The Government intends to introduce legislation so that the new system is operative in autumn 1990. To this end the Department of Education and Science has begun discussions with banks and other financial institutions concerning the application of the scheme and the most cost-effective means of operating it.

Housing

The Housing Act 1988 and the Housing (Scotland) Act 1988, which are intended to transform the rented housing market, received the Royal Assent on 15 November and 2 November respectively. The English House Condition Survey for 1986 has been published, and shows an improvement in conditions since 1981.

HOUSING ACT 1988

The Act reforms the rented housing sector by deregulating new lettings in the private rented sector, restructuring housing association finance, offering public sector tenants the opportunity to change landlords, and providing for the establishment of Housing Action Trusts. It received its second reading in the House of Commons on 30 November 1987 (see pp 428-30, 1987). Most of the Act's provisions relate solely to England and Wales, but some apply to Scotland, mainly those dealing with voluntary transfers by local authorities of their housing stock to new landlords. Various amendments to the Bill were made during its passage through Parliament; some of the more important are listed below.

Tenants' Guarantee

The Act empowers the Housing Corporation to issue and enforce guidance to housing associations on housing management practice, known as the 'Tenants' Guarantee'. Under the guidance, which will cover matters such as tenancy terms, principles for determining rent levels and the allocation of tenancies, tenants will receive contractual rights in addition to their basic statutory rights, and associations will be required to set and maintain rents at levels within the reach of people in lower paid employment. The Tenants' Guarantee principles will form part of the Corporation's decisions on the approval of landlords taking over local authority stock under the Housing Action Trust and Tenants' Choice principles (see below).

Housing Action Trusts

Tenants will be able to vote on whether their housing area should be designated as a Housing Action Trust area. Such trusts will be temporary organisations set up by the Government (following specific parliamentary approval) to take over some of the worst concentrations of local authority housing, renovate it and pass it on to other forms of ownership and management. The tenants' vote will be decided by a simple majority. All new landlords will need to be approved by the Housing Corporation and to subscribe to the principles of the 'Tenants' Guarantee'.

Tenants' Choice

Under the Act most secure tenants of local housing authorities, new towns, the Development Board for Rural Wales and, in due course, Housing Action Trusts will be able to opt to transfer to new landlords. Potential landlords will have to be approved by the Housing Corporation or Housing for Wales (see below). Applicants will have to demonstrate viability and competence, to commit themselves to the long-term provision of housing for rent and to subscribe to the Tenants' Guarantee. Tenants will be able to vote on a formal offer of tenancy terms from their prospective new landlord. The vote will be run and the outcome certified by an independent teller paid for by the applicant landlord. The applicant may proceed unless more than 50 per cent of those eligible vote against transfer or less than 50 per cent cast a vote either way.

Housing for Wales

The Act establishes a separate Housing Corporation for Wales, to be known as Housing for Wales, to fund and oversee the activities of the housing association movement in Wales, taking over the functions previously carried out by the Housing Corporation (see p 123).

HOUSING (SCOTLAND) ACT 1988

This Act, which received its second reading on 11 January (see pp 77-8), makes provision for the establishment of Scottish Homes, a housing agency with a wide range of general functions and powers; deregulates private lettings and introduces assured tenancies, and gives tenants the opportunity to exercise Tenants' Choice to transfer to a new landlord.

ENGLISH HOUSE CONDITION SURVEY 1986[1]

A survey of the condition of the housing stock in England is carried out every five years by the Government's Building Research Establishment. The report for 1986 was published in November and is based on surveys of 30,000 houses and flats and interviews with 7,000 households between September 1986 and June 1987. It shows that less than 3 per cent of the housing stock lacked basic amenities in 1986, compared with 5 per cent in 1981. The proportion of the stock classified unfit had been reduced from 6·3 per cent to 5·6 per cent. However, the proportion in serious disrepair remained broadly the same at about 6 per cent. Homes were better heated and insulated than in 1981, with nearly 75 per cent of dwellings having central heating, compared with only 57 per cent in 1981, and 70 per cent having loft insulation, compared with 61 per cent in 1981. There was a 30 per cent increase in private sector investment in the housing stock in 1986 over 1981. Public sector spending on renovation also increased substantially: spending on improvement grants for private owners more than doubled in real terms between 1981 and 1986, and spending on the renovation of local authority stock increased by about 60 per cent.

[1] *English House Condition Survey 1986.* HMSO, £20. ISBN 0 11 752153 1.

Football National Membership Scheme

As part of its strategy to counter football hooliganism, the Government intends to introduce by spring 1990 a compulsory national membership scheme to control admission to football matches in England and Wales. Proposals for the necessary legislation will be introduced in the present parliamentary session.

The main principles of the scheme are set out in a report of a working party[1] made up of representatives of the Government, police and football authorities, under the chairmanship of the Minister for Sport, Mr Colin Moynihan. The working party was formed following a meeting last July between the Prime Minister, Mrs Margaret Thatcher, and officials of the Football League (representing the 92 full-time professional clubs in England and Wales) and the Football Association (to which over 335 football clubs are affiliated in England) to review the question of establishing a national membership scheme.

The Government has already taken a range of measures to control football hooliganism in Britain. The sale of alcohol is severely restricted at football grounds and it is banned on transport to matches (see p 114, 1987). Under the Public Order Act 1986 (see pp 33-5, 1986), courts can prohibit convicted hooligans from attending football matches in England and Wales and there is a new offence of disorderly conduct to cover behaviour causing unnecessary distress to others. The Government has also encouraged the use of closed-circuit television in football grounds and the setting up of 50 per cent membership schemes for home spectator accommodation. Consideration is being given to how best to enforce restrictions on the sale of alcohol in the vicinity of football grounds and the Government plans to introduce measures to prevent convicted hooligans from attending matches abroad.

Government Statement

Announcing the publication of the report (*Hansard*, Vol 140, No 214, written answers, cols 190-1) on 9 November, Mr Moynihan stated that there had been 6,147 arrests at Football League matches in England and Wales in the 1987-88 season (total attendances at these matches were more than 18 million) and that violent incidents had continued during the current season both inside and outside football grounds. The proposed scheme would, he said, bring to an end the role of football as a focus for hooliganism and violence.

Main Recommendations of the Working Party

The working party recommends that admission of spectators to those football matches designated under the scheme would only be permitted on production of a valid membership card for checking at the point of entry to grounds holding a licence. The scheme would be a national one financed by the

[1] *Football: National Membership Scheme. Report of the Minister for Sport's Working Party.* Available from Publications Sales Unit, Department of the Environment, Building 1, Victoria Road, South Ruislip, Middlesex HA4 0NZ. £2.

football authorities and administered by a new Football Membership Authority (FMA) with information about all members being stored on a central computer. Members would be entitled to only one card each, indicating the club which they supported and qualifying them to attend any designated match. The scheme would apply to England and Wales but consideration should be given to its extension to Scotland and Northern Ireland.

Membership cards should include the member's name, a photograph, membership number, date of expiry, the name of the nominated club and the member's national football allegiance. The cards would be readable electronically and would be valid for two or three seasons only. There would be certain exemptions from membership applying to foreign nationals, parties of schoolchildren, disabled people and a few other categories of spectators.

The withdrawing or withholding of membership would be mandatory where the person concerned had been convicted of a football-related offence; the ban would operate for five years if the offender had received a custodial sentence and two years in the case of a non-custodial sentence. The FMA would also operate discretionary criteria for imposing bans of a longer duration than those required by law and for unacceptable behaviour not resulting in a criminal conviction. Two new criminal offences would be created to cover the supplying of false information in an application for membership, and gaining or attempting to gain entry to a ground without a valid membership card.

The scheme should apply to all matches between the first teams of Football League clubs and to matches between League clubs and non-League clubs (initially the scheme would allow for admission of non-members to matches between League and non-League clubs), as well as to matches between English or Welsh clubs and Scottish or Northern Irish clubs. At international matches staged in England or Wales between the four home nations, membership cards would be used to help achieve segregation between rival supporters. For matches at club or international level involving English or Welsh teams and teams from abroad, home supporters would be required to produce membership cards.

The FMA would be designated by the Government and it would draw up a scheme in accordance with legislation and subject to government approval. Its responsibilities would include supervising the membership application process; approving or rejecting applications; maintaining a central register of all members; establishing rules for withdrawal of membership; decision-making and hearing of appeals on withdrawal; and licensing grounds if this responsibility were delegated to it by the Government. The scheme would be monitored by a small part-time inspectorate employed by and responsible to the FMA or another agency (or the Secretary of State for the Environment).

The football clubs would receive applications, maintain records and supply information to the central register. They would also be responsible for installing approved machinery for checking membership cards, controlling admission of spectators and dealing with the holders of rejected cards. There would be legal sanctions to deal with clubs not fulfilling their duties; these would include the withdrawing of licences for serious offences.

Shorter Note

PENSIONS

The Government intends to allocate an extra £200 million in benefits to 2·6 million less well-off pensioners in addition to the increases for pensioners which will come into force in April 1989 (see pp 384-6). Subject to the necessary consultative procedures, a new and enhanced structure of pensioner premiums will be introduced into the income support scheme with effect from October 1989.

The new pattern of premiums will benefit three categories of pensioners: those aged 75 and over on income support; disabled pensioners of 60 and over on income support; and pensioners in these groups whose income is at present just above the qualifying level for income support. The first two groups of pensioners will receive an extra £2·50 a week in the case of single people and £3·50 for married couples; and the same increases will apply to the housing benefit rates, so that pensioners aged 75 and over and disabled pensioners of 60 and over with incomes slightly above income support levels will also benefit through extra help with rent and rates or community charge.

Source: *Hansard*, Vol 142, No 3, cols 248-51.

Government and Administration

Her Majesty's Most Gracious Speech to Both Houses of Parliament (see p 400). HMSO, 90p. ISBN 0 10 499989 6.

Civil Service Management Reform: The Next Steps. The Government reply to the Eighth Report from the Treasury and Civil Service Committee, Session 1987-88. The government reply to the Committee's report on the Next Steps initiative (see pp 261-2) welcomes the report's recognition of the importance of the initiative and announces a £1 million increase in resources available for management training of civil servants. Cm 524. HMSO, £2·40. ISBN 0 10 105242 1.

Legal Aid Annual Report 1986-87. Annual reports of the Law Society of Northern Ireland regarding legal aid in civil and criminal proceedings and of the Lord Chancellor's Advisory Committee on Legal Aid in Northern Ireland. HMSO, £6·80. ISBN 0 10 266488 9.

Criminal Statistics: England and Wales 1987. Cm 498. HMSO. ISBN 0 10 104982 X.

Report on the work of the Prison Service. April 1987-March 1988. Cm 516. HMSO, £14. ISBN 0 10 105162 X.

Report of Her Majesty's Chief Inspector of Prisons 1987. HMSO, £4·80. ISBN 0 10 267088 9.

The Parole System in England and Wales: Report of the Review Committee. Cm 532. HMSO, £10·30. ISBN 0 10 105322 3.

The Channel Islands. COI, No 161/88.

The Isle of Man. COI, No 159/88.

External Affairs and Defence

Britain's Overseas Relations. COI, No 1/88.

Government Replies to the Third and Fourth Reports from the House of Commons Defence Committee. Session 1987-88. October 1988. HMSO, £2·60. ISBN 0 10 267488 4. (The Third Report concerned the progress of the Trident Programme, the Fourth the defence requirements for merchant shipping and civil aircraft; see pp 215 and 250.)

The Procurement of Major Defence Equipment. Government Response to the Fifth Report from the House of Commons Defence Committee (see p 250). Session 1987-88. October 1988. Cm 501. HMSO, £1·60. ISBN 0 10 105012 7.

The Future Size and the Role of the Royal Navy's Surface Fleet. Government Response to the Sixth Report from the House of Commons Defence Committee. Session 1987-88. July 1988. Cm 443. HMSO, £1·40. ISBN 0 10 104432 1. (The Sixth Report discussed, among other things, the role of the Royal Navy in peace and war and the size, age, capability, and future construction of the destroyer/frigate force.)

British Forces in Belize. Eighth Report of the House of Commons Defence Committee. Session 1987-88. HMSO, £6·30. ISBN 0 10 262488 7.

The British Virgin Islands. COI, No 201/88.

Economic and Scientific Affairs

Government purchasing: progress report to the Prime Minister from the Central Unit on Purchasing. HM Treasury. HMSO, £4. ISBN 0 11 560021 3.

The Dematerialisation of Share Certificates and Share Transfers: a Consultative Paper. Department of Trade and Industry. The purpose of this paper is to seek views on possible changes to the law which would enable shares to be held on computer, without certificates, and be transferred without the need for paper transfer forms. Available free from Room 620, Financial Services Division, Department of Trade and Industry, 10-18 Victoria Street, London SW1H 0NN.

Employment for the 1990s (see p 429). Cm 540. HMSO, £5. ISBN 0 10 105402 5.

Labour Force Survey 1986. HMSO, £6·30. ISBN 0 11 691236 7.

Releasing Enterprise (see p 426). Department of Trade and Industry. Cm 512. HMSO, £5·90. ISBN 0 10 105122 0.

Scottish Enterprise: A New Approach to Training and Enterprise Creation (see p 434). Industry Department for Scotland. Cm 534. HMSO, £5. ISBN 0 10 105342 8.

Wages Councils: 1988 Consultation Document (see p 431). Available unpriced from the Department of Employment, 93 Ebury Bridge Road, London SW1W 8RE.

Consumer Safety: Report by the Secretary of State for Trade and Industry for the period 1 April 1983-31 March 1988. Presented pursuant to the Consumer Protection Act 1987 (see pp 162-3, 1987). HMSO, £2·60. ISBN 0 10 267388 8.

Competition Policy: How It Works. Provides an introduction to the powers and procedures under competition legislation. Available free from the Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

Agricultural and Food Research Council Annual Report 1987-88. Available unpriced from AFRC, Wiltshire Court, Farnsby Street, Swindon SN1 5AT. ISBN 0 7084 0480 4.

Department of Agriculture for Northern Ireland. 47th Annual Report of the Department of Agriculture: year ended 31 March 1988. HMSO, Belfast, £9·50. ISBN 0 337 05322 7.

Daylighting as a passive solar energy option: an assessment of its potential in non-domestic buildings, by V.H.C. Crisp, P.J. Littlefair, I. Cooper and G. McKennan. Available from the Department of the Environment, Building Research Establishment, Building Research Station, Garston, Watford WD2 7JR. £15. ISBN 0 85125 287 7.

Government Observations on the Third Report from the Committee (Session 1987-88) on the Structure, Regulation and Economic Consequences of Electricity Supply in the Private Sector. Third Special Report from the House of Commons Energy Committee, Session 1987-88. HMSO, £3. ISBN 0 10 270188 1.

Electricity Supply in Northern Ireland. Fifth Report from the House of Commons Energy Committee, Session 1987-88. HMSO, £4·30. ISBN 0 10 267988 6.

Railway Safety: Report on the Safety Record of the Railways in Great Britain during 1987. Department of Transport. HMSO, £8·50. ISBN 0 11 550864 3.

Investigation into the King's Cross Underground Fire (see p 435). Cm 499. Department of Transport. HMSO, £19·50. ISBN 0 10 104992 7.

Protecting your Environment: a Guide. Available unpriced from the Department of the Environment Distribution Centre, Building 3, Victoria Road, Ruislip, Middlesex HA4 0NZ.

Department of the Environment: Follow-up Consultation Paper on Waste Disposal Law Amendments. Contains proposals, additional to measures announced on 29 June (see p 247), to strengthen domestic waste disposal law, and for stronger powers to control international trade in waste disposal services. Available unpriced from the Department of the Environment, Room A222, Romney House, 43 Marsham Street, London SW1P 3PY.

Social and Cultural Affairs

Registration: A modern service. A Green Paper from the Department of Health containing proposals to reform the system for registering births, marriages and deaths in England and Wales; the central proposal is that responsibility for the day-to-day operation and organisation of the registration service should be given to local authorities. Cm 531. HMSO, £5·90. ISBN 0 10 105312 6.

Charity Trends. 11th Edition. Charities Aid Foundation. Contains statistics and commentaries on the charitable sector in Britain. Available from CAF, 48 Pembury Road, Tonbridge, Kent TN9 2JD. £22·50. ISBN 0 904757 36 6.

On the State of the Public Health for the Year 1987. The annual report of the Chief Medical Officer of the Department of Health presents a review of key issues influencing health in England, reflecting the Government's increasing emphasis on prevention and health promotion. HMSO, £11·25. ISBN 0 11 321178 3.

Action not Words. Published by the National Association of Health Authorities, this report presents a new strategy for improving health services for black and other ethnic minority groups and aims to ensure that National Health Service health care is equally available to all groups in society. Available from the National Association of Health Authorities, Garth House, 47 Edgbaston Park Road, Birmingham B15 2RS. £12·50.

The Scottish Health Service. Outlines the achievements of the National Health Service in Scotland particularly in the last ten years, and sets out priorities for the future. Available free from the Scottish Information Office, New St Andrew's House, Edinburgh EH1 3TD.

The Scottish Health Authorities: Review of Priorities in the Eighties and Nineties (the SHARPEN Report). The report of the working group set up by the Scottish Health Service Planning Council sets out priorities within the National Health Service in Scotland. These include services in hospitals and in the community for old people with dementia; care in the community, especially for elderly and mentally ill people and those with a mental handicap; health education, prevention and promotion; and services for younger physically disabled people. HMSO, £6·50. ISBN 0 11 493043 7.

Short-term prediction of HIV infection and AIDS in England and Wales: report of a working group. Sir David Cox (chairman) (see p 439). Assuming that no treatment emerges which significantly prolongs the life of people with AIDS, the report concludes that the number of living people with AIDS is expected to rise from the present level of about 1,350 to a recommended basis for planning of over 5,000 by the end of 1992. It observes that the rate of increase in new AIDS cases is slowing, probably as a result of changes in behaviour of the homosexual community which occurred from about the mid-1980s, but it also stresses that it would be a gross error to regard even the lower predictions as grounds for complacency. The report makes no predictions about future numbers of HIV infections because these depend on unforeseeable changes in behaviour patterns. The Government accepts the figures in the report as a basis for future planning. HMSO, £6·50. ISBN 0 11 321191 0.

OPCS survey of disability in Great Britain: Report 2 – The financial circumstances of disabled adults living in private households, by Jean Martin and Amanda White (see p 354). HMSO, £11·50. ISBN 0 11 691235 9.

Our Changing Schools: A Handbook for Parents. Department of Education and Science. Provides a general introduction to school education and suggests ways in which parents can help children and teachers and become more involved in the life of schools. Available free from West Link House, 981 Great West Road, Brentford, Middlesex TW8 9DN.

The New Teacher in School: A Survey by HM Inspectors in England and Wales 1987. The survey assessed how well newly trained teachers were equipped for their work and the extent to which schools were making the best use of their skills, knowledge and training. HMSO, £4·50. ISBN 0 11 270658 4.

Top-up Loans for Students (see p 441). Cm 520. Department of Education and Science. HMSO, £9. ISBN 0 10 105202 2.

National Council for Vocational Qualifications Annual Report for the Period ended 31 March 1988. First annual report of the NCVQ, which was set up to develop a comprehensive system of vocational qualifications in England, Wales and Northern Ireland. Available from NCVQ, 222 Euston Road, London NW1 2BZ. £5.

Countryside Commission Annual Report 1987-88. Available from Countryside Commission Publications, 19-23 Albert Road, Manchester M19 2EQ. £5. ISBN 0 86170 208 5.

Football: National Membership Scheme. Report of the Minister for Sport's Working Party (see p 443). Available from Publications Sales Unit, Department of the Environment, Building 1, Victoria Road, South Ruislip, Middlesex HA4 0NZ. £2.

The Arts in Britain. The Office of Arts and Libraries. Aimed at stimulating interest in the arts in Britain, this book includes articles on the work of the National Heritage Memorial Fund, the public lending right scheme, the National Film Archive, the funding of the English Shakespeare Company, and Welsh furniture making. Available from Addison Publishing, Park Lorne, 111 Park Road, London NW8 7JL. £2. ISSN 0 9 55 2146.

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